Talbros Automotive Components Ltd.
www.talbros.com

September 02, 2020

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal street, Fort, Mumbai- 400 001 **Scrip Code: 505160**	**The National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 **Company Code: TALBROAUTO**

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

Dear Sir/Madam,

Please find enclosed Annual Report of the Company for the financial year 2019-20 along with the Notice of the 63rd Annual General Meeting of the Company to be held on Friday, 25th September, 2020 at 10.30 a.m. through video conferencing/other audio visual means pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for your information and records.

Thanking you,

Yours Sincerely
For Talbros Automotive Components Limited

Seema Narang
Company Secretary

Encl: As above

STAYING RESOLUTE.

STAYING FOCUSED.

Talbros Automotive Components Limited

63rd Annual Report 2019-20

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Please find our online version at
https://www.talbros.com/financials/annual-reports/

Or simply scan to download

Investor Information

Market Capitalization as at 31st March, 2020	:	₹ 86.60 crores
BSE Code	:	505160
NSE Symbol	:	TALBROAUTO
Bloomberg Code	:	TALB:IN
Dividend Declared	:	₹ 0.50 per Share
AGM Date	:	**25th September, 2020**
AGM Mode	:	Video Conferencing

Disclaimer

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

We exhibited firm determination to ensure that the organization stays true to its vision.

We consistently pushed beyond existing limits to remain sustainable in the long run.

We successfully navigated through turbulent times only to emerge stronger at the end.

We, at Talbros Automotive Components Limited, stayed resolute and focused amid disruptions and changing industry regulations, backed by strong manufacturing efficiency and diversified product portfolio. Our high-quality products and robust clientele are the result of strategic foresight and global technology tie-ups. Our ability to bring innovation across our product range had helped us secure new business and enhance global presence.

As one of the leading players in the automotive component industry, we always aim to exceed customer expectations, evolve our strategies and create better value for the stakeholders.

₹ 385.29 crores

Consolidated revenue from operations in 2019-20

₹ 12.20 crores

Consolidated PAT* in 2019-20

*PAT: Profit after Tax

About Talbros Automotive Components Limited

Established in the year 1956, Talbros Automotive Components Limited (hereafter 'Talbros' or 'The Company') is one of India's leading manufacturer of automotive components with well-established presence across the world. For over six decades, the Company has been adding value for its clients by focussing on unmatched quality and superior technology.

The product portfolio of the Company (alongwith its JV Companies) mainly includes gaskets, heat shields, forgings, chassis systems, suspension systems, anti-vibration components and hoses. With a diversified product basket, Talbros caters to various automobile segments including passenger vehicles, commercial vehicles, two- wheelers, three-wheelers, Agri, off-loaders and industrial, among others. Strategic alliances with reputed global players and world-class manufacturing facilities have enabled the Company to continuously deliver the best-in-class auto components to its customers.

Our Markets

OEMs | **After-market** | **Exports**

Our Strategic Tie-ups

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

Vision

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

Mission

Gasket

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

Forging

To develop wide range of Market Driven Product for Auto/Non-Auto customer through timely delivery of quality products by having trained human resources and customer-oriented work culture.

Our Sizeable Manufacturing Facilities

We cater to the changing needs of our clients across the world by manufacturing auto components in our multiple state-of-the-art facilities.

Gaskets

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

Forging

- Bawal, Haryana

Nippon Leakless Talbros Private Limited

- Bawal, Haryana
- Haridwar, Uttarakhand

Magneti Marelli Talbros Chassis Systems Private Limited

- Faridabad, Haryana
- Manesar, Haryana

Talbros Marugo Rubber Private Limited

- Manesar, Haryana

Certifications

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

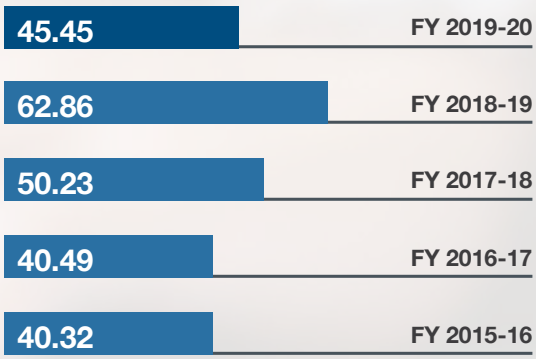
Our Key Competencies

We differentiate ourselves from our peers through constant focus on enhancing our key competencies.

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

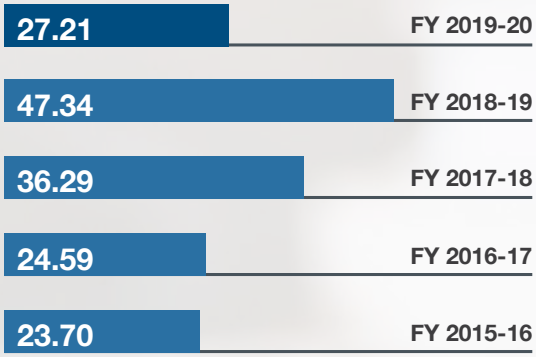
Standalone Financial Highlights

(₹ crores)



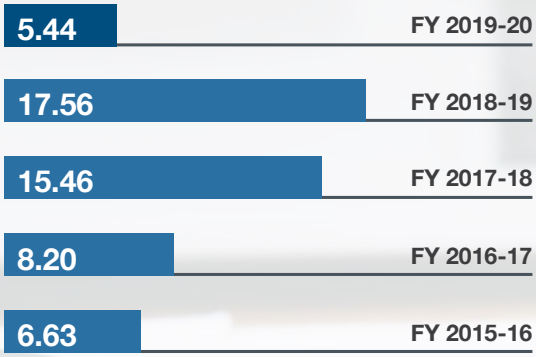
EBITDA

(₹ crores)



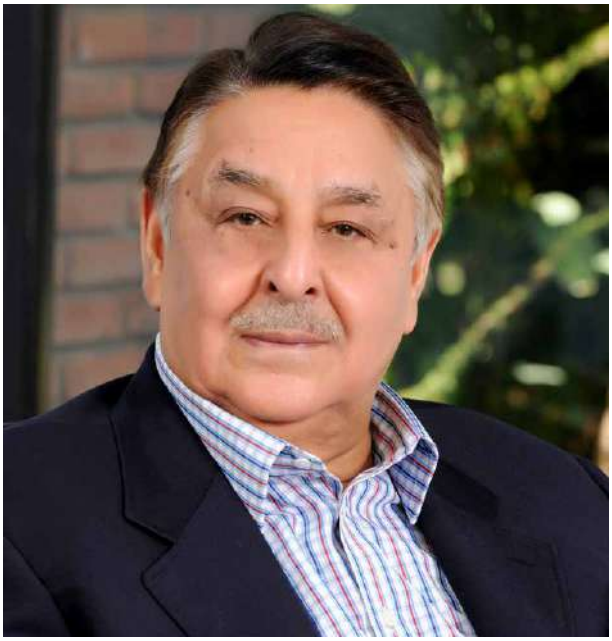
Cash Profit

(₹)



Earnings per Share

Chairman's Message



Dear Shareholders,

I take this opportunity to convey my thoughts to you through this Annual Report share with you all an update on the Company's performance for 2019-20. I do hope and pray that you and your families are safe and well in these challenging times.

The biggest challenge faced today by most of the countries, Governments, businesses and people around the world is the health crisis triggered by COVID-19. The Government of India acted very fast and is taking all-round measures to contain spread of the disease. But the fight is not easy especially for the medical professionals, who are working very hard to save human lives. I would like to express sincere gratitude to all those who are engaged in the fight against the disease.

Against this backdrop, continuity of manufacturing operations along with health and safety of our employees have remained our top priorities as we navigate through this crisis. The Company has implemented stringent controls in accordance with the Government directives and guidelines to prevent the spread of COVID-19. Besides, continuous education is being imparted to the workforce to observe high degree of self-discipline. They are regularly being reminded of not letting their guards down at any moment, whether at office, shop floor of the Company or outside.

At the time when the automobile industry is witnessing a once in a century transformation across the globe, events like COVID-19 have further increased the complexity of business. We are fortunate to have the support of our customers with whom we have long-standing business relationships.

In this new normal, we stay resolute and focused by leveraging our strengths. We continued to deliver the best of automotive component solutions to our customers across the globe on the back of our determined strategies, innovative offerings and manufacturing excellence. The management is also focusing on costs, efficiencies and initiatives for the long-term, all of which are expected to yield creditable market and financial performance despite the odds.

Macroeconomic and Industrial Scenario

The Indian economy faced strong headwinds with declining growth numbers during the year. The softening growth can be attributed to weak demand in the manufacturing sector, liquidity crunch and subdued consumption and investment. The GDP declined by 1.9% as compared to FY 2018-19, plunging to 4.2% this financial year. The industries that we operate in displayed a paradigm shift even before the COVID-19 outbreak. The Government and RBI announced a variety of measures to address the challenges. The countrywide lockdown to limit the pandemic transmission, had an adverse impact on overall economic activities. As the spread of the pandemic gradually subsides, the economy is expected to return to its growth trajectory in the long run.

The year 2019-20 was a tough year for the Indian automobile industry with massive structural changes. The industry witnessed slowdown owing to liquidity crunch, weak economic activities and low consumer sentiments. Increased insurance cost and prices with transition to BS-VI added to the woes. The industry produced a total of 26,362,282 (unit) vehicles in 2019-20. Besides, the sale of passenger vehicles and three-wheelers declined by 17.88% and 9.19% respectively, while two wheeler sales dipped by 17.77%. The pandemic, and the enforced lockdown disrupted the supply chain and impacted production. However, one of the good thing is that the export numbers displayed positive growth during the year.

The prospect of Indian auto component industry is linked with the growth of the automobile industry. The rural market saw good recovery which positively impacted sales of two-wheelers and small commercial vehicles in June 2020. The industry is expected to recover during second half of 2020-21 underpinned by good monsoons and reduced interest rates. The Government has also taken several initiatives to boost the automobile sector like increase in custom duty on electric vehicles, extension of FAME-II, liquidity infusion measures, among others. In addition,

the Government's focus on accelerating new regulations, electric vehicle infrastructure, and shared mobility as an alternative are expected to push the demand for vehicles in the future.

Performance Highlights

The year 2019-20 proved to be a challenging year with unfavourable macroeconomic environment and nationwide lockdown impacting our performance as well. Our consolidated total income from operations stood at ₹ 385.29 crores in 2019-20. Profit before exceptional items was recorded at ₹ 13.52 crores, while profit after tax stood at ₹ 12.19 crores in 2019-20.

We remained focused on making our operations stronger and enlarge our footprint globally with innovative solutions and robust manufacturing capabilities. We are extremely proud to report that the Company bagged orders worth USD 31 Mn across Forging, Gaskets and one JV Company for domestic as well as export markets. The Company's persistent efforts towards growing export market, product development and testing with global auto majors have paid off. It is a huge validation of our technical capabilities and opens the doors to secure more business even during turbulent times.

Business Review

We have a standalone business of gaskets, forgings and three joint ventures.

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

We have a dedicated heat shield gasket line, critical for heat, sound and vibration insulation. This is the future for automobiles and the Company stands to gain business orders from global OEMs.

We have also developed new gasket technologies like Cover Gasket integrated with injector wiring harnesses. The Company is expected to get good business in the current and the following years. The Company has made major investment in creating dust free environment and in developing high performance sealing technologies and materials to meet the requirements of new generation BS VI engines.

The gaskets business recorded revenue of ₹ 256 crores during the year 2019-20. We expect rising demand for our products such as heat shields and wire harness gaskets from major OE players post BS VI implementation. During the year, we secured orders from European and US car manufacturers. Our raw material sourcing strategies and localisation will result in operational costs saving, reduction in raw material inventory and working capital requirement.

The forging business recorded a revenue of ₹ 130 crores during the year. We are swiftly moving towards heavy value machine components which will improve our margin trajectory. The Company completed installation of the 2,500 tons press, which will place it as a one stop solution provider for forging between 750 tons to 2,500 tons. We started supplying to OEMs in premium car segment and provided forging solutions to power generation industry as well. The Company is one of the leaders in the forging business supported by operational excellence and long-standing relationships with OEMs in India and overseas.

Our first JV Company, Nippon Leakless Talbros Private Limited (LTL) expanded business with two-wheeler OEM's by successfully developing gaskets for BS VI engine. The revenues stood at ₹ 105.07 crores during the year.

Our second JV Company Magneti Marelli Talbros Chassis Systems Private Limited (MMT) reported a revenue of ₹ 136.78 crores during the year mainly on account of better recoveries for the new businesses. We won orders from global OEM customer to supply suspension lower control arms. The Company expanded manufacturing capacity in the western part of the country to continue delivering the best quality products and capture higher market share.

Our third JV Company, Talbros Marugo Rubber Private Limited (TMR) registered a revenue of ₹ 46.03 crores. We continued to explore opportunities by expanding business with LCV/HCV segments and global OEMs.

Staying Focussed

Our fundamental values and intrinsic strengths have helped us navigate through uncertainties. At Talbros, we are well-equipped to capitalize the opportunities resulting from new regulations and are staying focussed to provide future-oriented products to our esteemed customers. I am confident that the new business orders will hugely benefit the brand equity of the Talbros Group and further enhance our commitment to 'Make in India' Initiative of the Government. It will be conducive in providing us long-term visibility and business momentum.

Before I conclude, I wish to thank all my Board Members, regulatory authorities, our management, employees and the stakeholders for their unwavering guidance and support. We look forward to continuously deliver sustainable value to all our stakeholders.

Best wishes,

Naresh Talwar

Chairman

Business Review

Gaskets (Standalone business)

With over six decades of experience in manufacturing gaskets, Talbros has become the preferred choice for major OEMs in the country. The Company manufactures high-quality gaskets for two-wheelers, HCV, LCV, Agri and off loader segments. The Company is a hedged autocom player and has strengthened its position in the market with its diverse product portfolio and a diverse customer base. Talbros continues to hold 40% market share in Gasket segment.

Talbros has strong competencies in providing innovative gasket solutions to its customers underpinned by advanced technology and modernised manufacturing facilities. Equipped with state-of-the-art machines and in-house tool designing, the Company delivers the best quality products to its customers across the globe.

The Company is totally BS-VI ready in gasket business and is focused to capture newer markets and strongly dedicated towards OE contracts with exports. Talbros has been working on heat shield gaskets, which is the future for automobiles and has made good inductions into global OEMs with this product. With large players in the domestic OE space, the new product line has immense potential going forward.

The Company has installed a post coating line through technology tie up with a global expert, which will enable cost saving by reducing imports. Talbros is all set to move ahead on the back of robust order book and well-established relationship with its customers worldwide.

Diversified Products Range

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

2019-20: Key Highlights

- Received order to supply integrated wire harness gasket to a large OEM; supply to commence from Q1 FY21
- Secured order from European car manufacturers for supplying heat shields
- Procured order from US based car manufacturer for supplying gaskets
- Started supplying BS VI compliant gaskets to Hero, Volvo, Tata motors and Tata Cummins

₹ 256 crores

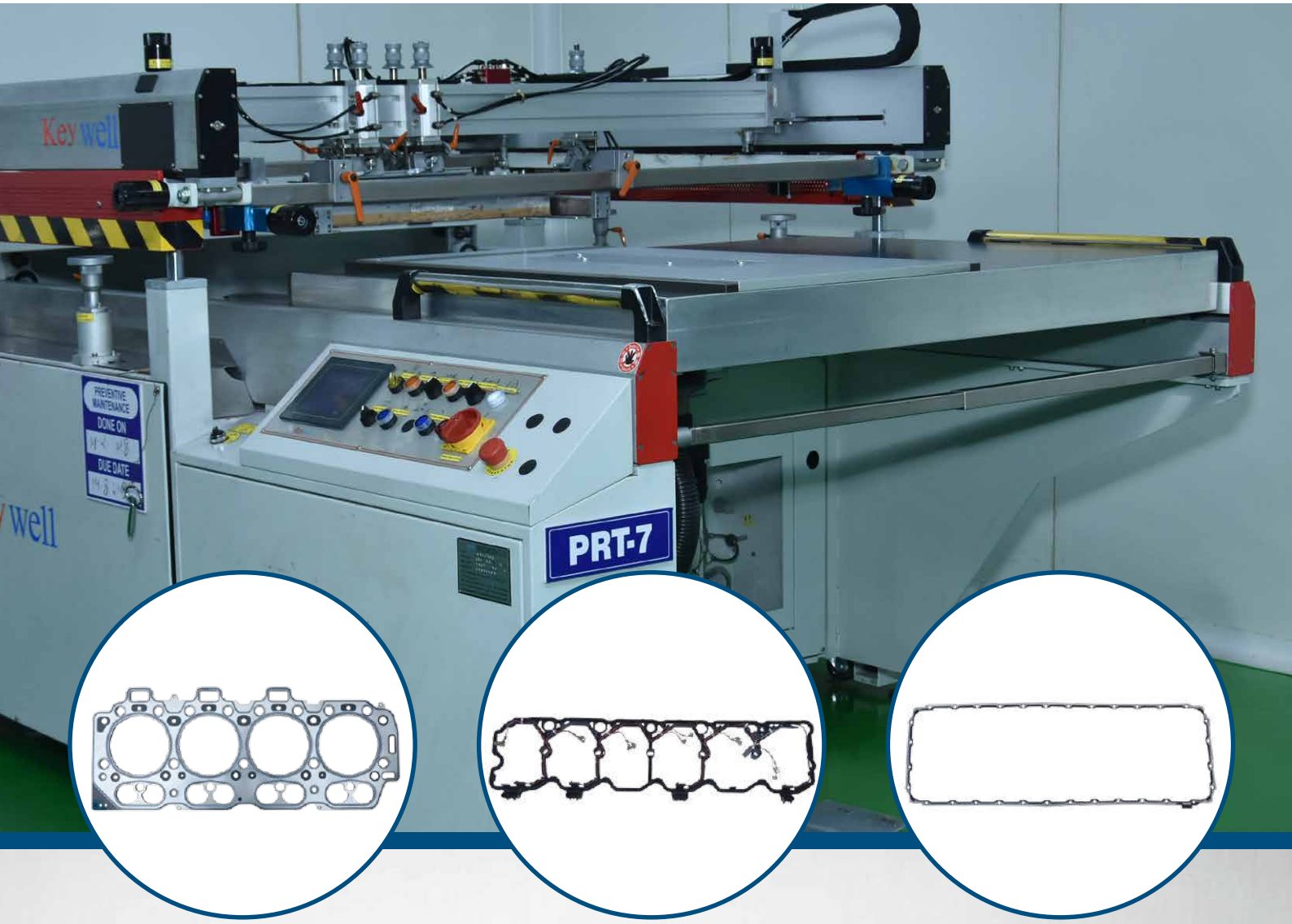
Total revenue in 2019-20

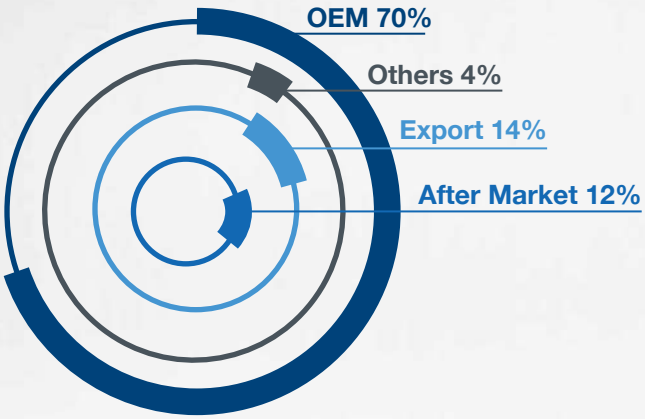
66%

Contribution to total revenue

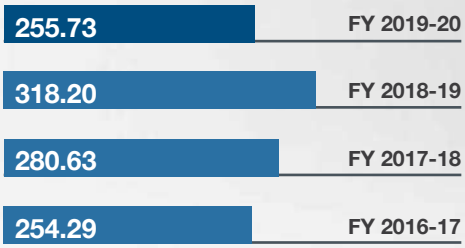
17.89 crores (units)

Annual installed capacity





Revenue Break-up



Revenue Trend (₹ crores)

Forging Division

The Company has evolved as a well-recognised supplier for Forged & Machined Parts with the sub assembly to cater diverse range of customers in the automotive, agriculture, defence, marine and off highway vehicle sector. It provides complete solution for Die Design, Machine parts and Heat treatment (Normalizing and Case Carburising). Talbros has built state-of-the-art facilities and infrastructure that enable better operational efficiency and productivity. It has strong manufacturing capacities with high-end 3D designing, modelling and die & tool designing. The manufacturing units are equipped with heat treatment facilities with heavy duty mechanical forging presses and numerous VMC's & CNC's work centres.

The Company creates unmatched quality products with optimized design through its unique in-house tools and high-end simulating software. The Company has further enhanced its competencies by imbibing global quality benchmarks and environmental parameters with ISO-140001 certification. Through partnerships with technology leaders combined with end-to-end value chain capabilities, Talbros is one of the major suppliers to top tier 1 companies across the global markets.

Diversified Products Range

- King Pins
- Gear Blanks
- Housing and Yoke Shafts

2019-20: Key Highlights

- Started working with global OEMs in Premium Car Segments
- Started supplying parts for power generation industry and converted from casting to forging
- Commissioned new forging line of 2,500 ton press and brought into production
- Developed and supplied components like bridge fork bottom, companion flange, tube yoke, recovery eye among others
- Developed steel forged gear blank to replace imported sintered gear for a Japanese customer
- In discussion with various Indian and European tier I customers for supplying heavier forging products

₹ 130 crores

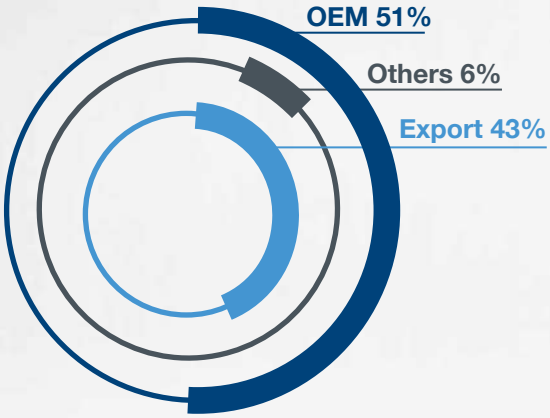
Total revenue in 2019-20

34%

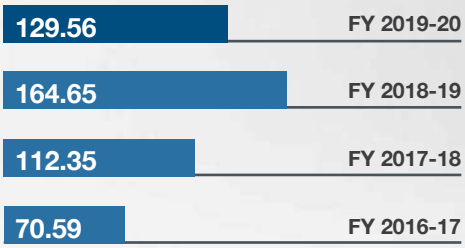
Contribution to total revenue

17,700 (MT)

Annual installed capacity



Revenue Break-up



Revenue Trend (₹ crores)

Nippon Leakless Talbros Private Limited (LTL)

Nippon Leakless Talbros Private Limited (LTL) is a joint venture between Nippon Leakless Corporation (NLK) Japan and Talbros Automotive Components Limited. NLK is one of the renowned suppliers of gaskets and packaging to leading OE vehicle and motorcycle manufacturers such as Honda, Suzuki and Yamaha across the globe.

LTL is engaged in manufacturing gaskets for passenger cars, motorcycles, scooters, power equipment products and industrial applications. Supported by an integrated manufacturing infrastructure, the Company delivers reliable and superior quality products to a large base of OEMs. The manufacturing facilities are fully equipped with technical support from NLK in respect of design and development of Gaskets. The Company's strong research prowess allows it to design, develop and manufacture the products as per customers' requirement. The Company is at the forefront of developing gaskets for various OEM Models and has successfully transitioned from BS IV to BS VI. Today, LTL is regarded as a preferred source for procuring gaskets by major two wheeler OEM's viz Hero & Honda.

LTL has a capability to develop gaskets of various sealing application based on OEM's requirement.

Product

- Gaskets

Certifications

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

2019-20: Key Highlights

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

20%

Contribution to total revenue

₹ 105 crores

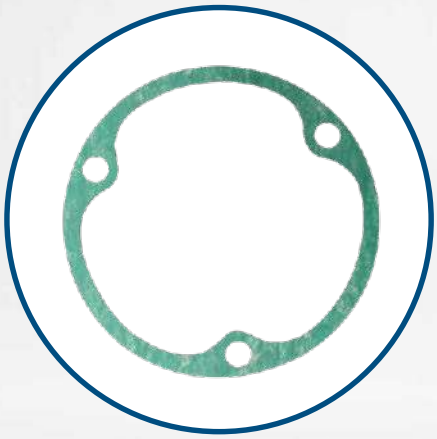
Revenue in 2019-20

₹ 42 crores

Talbros share 2019-20

₹ 10.76 crores

PAT in 2019-20



105.07	FY 2019-20
121.05	FY 2018-19
117.11	FY 2017-18
108.19	FY 2016-17

Revenue Trend (₹ crores)

Magneti Marelli Talbros Chassis Systems Private Limited (MMT)

Talbros Automotive Components Limited strategically collaborated with Marelli Suspension Systems Italy S.p.A. (Formerly known as Sistemi Sospensioni S.p.A., Italy), to form Magneti Marelli Talbros Chassis Systems Private Limited in 2012. This venture has enabled the Company to develop and manufacture chassis components including control arm, suspension links steering knuckle, front cross member, rear twist beam axle, wheel group and semi corner module assemblies for automotive application. JV has also establish processes for Aluminium Stamping and Welding and Supplying to premium car segment.

MMT has grown steadily as one of the most preferred choices for providing solution for Control Arms and Suspension Links Assembly. The Company's efficient manufacturing assets have end-to-end in-house value chain capabilities such as 3D designing, modeling, tool designing, stamping presses, robotic welding and assembly. In addition, the Company has sophisticated machines like mechanical presses ranging from 50 tons to 500 tons, automatic feeders which enable high productivity and material yield. The Company's expertise in adopting latest technology, design know-how, and global quality standards have ensured consistent order inflow and enhanced market share.

Product

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

Certifications

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

2019-20: Key Highlights

- Expanded business with global OEM in the premium car segment
- Added new global OEM customer to supply suspension lower control arms
- Expanded manufacturing capacity in western region of the country to support increasing volumes for existing customers and build room for new business

26%

Contribution to total revenue

₹ 136.78 crores

Revenue in 2019-20

₹ 68.39 crores

Talbros share 2019-20

₹ 8.36 crores

PAT in 2019-20

136.78	FY 2019-20
129.91	FY 2018-19
108.86	FY 2017-18
84.86	FY 2016-17

Revenue Trend (₹ crores)

Talbros Marugo Rubber Private Limited (TMR)

Established in 2012, Talbros Marugo Rubber Private Limited is a joint venture between Marugo Rubber Industries, Japan and Talbros Automotive Components Limited. Marugo Rubber Industries (MR), is a leading OEM supplier of Anti Vibration products and Hoses to the largest OEMs globally.

The Company's partnership with Marugo Rubber Industries, is a strategic enabler to achieve market differentiation and develop innovative and quality anti-vibration products and hoses. The Company operates in an integrated manufacturing set up, equipped with the ultra-modern technology equipment, leading to improved efficiencies, best-in-class quality products and greater customer satisfaction. TMR is committed to manufacture international standard quality products by adhering to strict benchmarks and environmental parameters with IATF 16949, ISO 14001 and ISO 45001.

Backed by its strengths and operating excellence, the Company has received various order from Domestic and overseas OEMs, leading to improved presence in automotive market.

Product

- Hangers mufflers
- Suspension bushes
- Rubber & Rubber to Metal Bonded Parts
- Extrusion & Moulded Hoses
- Suspension bushes

Awards

- Received ''Overall performance award'' from Maruti Suzuki India limited in consecutive years

2019-20: Key Highlights

- Expanded business with LCV / HCV segments
- Extended reach towards the global OEM's

9%

Contribution to total revenue

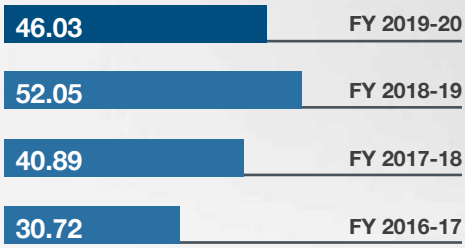
₹ 46 crores

Revenue in 2019-20

₹ 23 crores

Talbros share 2019-20

Talbros Marugo Rubber with its expertise in design, operational efficiency and know-how from Marugo Rubber Industries provides solution for different type of Anti vibration rubber moulded parts, extruded and moulded rubber hoses for automotive sectors.



Revenue Trend (₹ crores)

TALBROS AUTOMOTIVE COMPONENTS LIMITED

CIN: L29199HR1956PLC033107
Registered Office: 14/1, Delhi-Mathura Road, P.O. Amar Nagar
Faridabad-121003, Haryana
Tel No.: 0129-2251482, Website: www.talbros.com, Email: seema_narang@talbros.com

NOTICE

NOTICE is hereby given that the 63rd Annual General Meeting of the members of Talbros Automotive Components Limited will be held on **Friday**, the **25th day of September, 2020** at **10.30 a.m.** through **video conferencing/ other audio visual means (VC/OAVM)** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements (Standalone and Consolidated) of the Company for the year ended 31st March, 2020 including audited Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon and in this regard pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT the Audited Financial Statements (including the audited consolidated financial statements) of the Company for the financial year ended 31st March, 2020 including the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."

2. To declare Dividend @ 5 % on paid-up Equity Share Capital for the financial year ended 31st March, 2020 and in this regard pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the recommendation of the Board of Directors, 5% dividend at the rate of ₹ 0.50 per equity share on 1,23,45,630 Equity shares of the Company be and is hereby declared out of the profits of the company to be paid to the members of the Company for the year ended 31st March, 2020.

   RESOLVED FURTHER THAT the dividend be paid to the shareholders whose names appear on the Register of Members as on Thursday, 17th September, 2020."

3. To re-appoint Mr. Navin Juneja (DIN: 00094520) as Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Article 88 of the Articles of Association of the Company read with Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Navin Juneja (DIN: 00094520) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V thereto and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals as may be required and as recommended by the Nomination and Remuneration Committee, approval and consent of the Company be and is hereby accorded for re-appointment of Mr. Umesh Talwar (DIN: 00059271) as Vice Chairman & Managing Director of the Company for a period of three years commencing from 1st April, 2021, not liable to retire by rotation and on payment of monthly remuneration payable to him during the period of his continuance in the office of Vice Chairman and Managing Director of the Company as detailed hereunder along with payment of commission at the end of the financial year with the condition that the total amount of remuneration payable to him with commission does not exceed 5% of the Net Profits of the Company, computed in accordance with the provisions of Section 198 of the Companies Act, 2013.

Notice (Contd.)

1. **Salary**

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

2. **Perquisites & Allowances in addition to the above:**
   a) Company's Contribution towards Provident Fund and Superannuation Fund as per rules of the Company.
   b) Gratuity - As per rules of the Company.
   c) Earned/ Privilege Leaves - As per rules of the company. Leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
   d) Car - Provision of a Chauffeur driven car for the business purposes of the Company & personal use.
   e) Telephone - Telephone facility at residence, personal long distance calls to be paid by Mr. Umesh Talwar.
   f) Such other benefits/ amenities and other privileges as may from time to time be available to other executives of the Company and the monetary value shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same be evaluated at actual cost.
3. **Other Benefits:**
   a) Reimbursement of entertainment expenses actually and properly incurred in course of the business of the company.
   b) The expenses in connection with the spouse accompanying Vice Chairman & Managing Director while on business tours in India and abroad to be borne by the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/ alter the remuneration and/ or the terms and conditions including the designation of Mr. Umesh Talwar, Vice Chairman and Managing Director in any manner within the permissible limits and from time to time as recommended by the Nomination & Remuneration Committee and deemed fit by the Board in its absolute discretion.

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

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, agreements, instruments and writings as may be usual, expedient or proper to give effect to the aforesaid resolution."

5. To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V thereto and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals as may be required and as recommended by the Nomination and Remuneration Committee, approval and consent of the Company be and is hereby accorded for re-appointment of Mr. Anuj Talwar (DIN: 00628063) as Joint Managing Director (JMD) of the Company for a period of three years commencing from 14th August, 2021, liable to retire by rotation and on payment of monthly remuneration payable to him, during the period of his continuance in the office of Joint Managing Director of the Company as detailed hereunder along with payment of commission at the end of the financial year with the condition that the total amount of remuneration payable to him with commission does not exceed 5% of the Net Profits of the Company, computed in accordance with the provisions of section 198 of the Companies Act, 2013.

1. **Salary**

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

2. **Perquisites & Allowances in addition to the above:**
   a) Company's Contribution towards Provident Fund and Superannuation Fund as per rules of the Company.
   b) Gratuity – As per rules of the Company.

c) Earned/ Privilege Leaves - As per rules of the company. Leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.

d) Car- Provision of a Chauffeur driven car for the business purposes of the Company & personal use.

e) Telephone- Telephone facility at residence, personal long distance calls to be paid by Mr. Anuj Talwar.

f) Such other benefits/ amenities and other privileges as may from time to time be available to other executives of the Company and the monetary value shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same be evaluated at actual cost.

3. Other Benefits:

a) Reimbursement of entertainment expenses actually and properly incurred in course of the business of the company.

b) The expenses in connection with the spouse accompanying the Joint Managing Director while on business tours in India and abroad to be borne by the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/ alter the remuneration and/ or the terms and conditions including the designation of Mr. Anuj Talwar, Joint Managing Director in any manner within the permissible limits and from time to time as recommended by the Nomination & Remuneration Committee and deemed fit by the Board in its absolute discretion.

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

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, agreements, instruments and writings as may be usual, expedient or proper to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as recommended by the Nomination and Remuneration Committee of the Board of Directors, Mr. Tarun Singhal (DIN: 07056960), who was appointed as an Additional Director of the Company with effect from 18th June, 2020 under Section 161(1) of the Companies Act, 2013 by the Board of Directors and whose term of office as an Additional Director expires at this Annual General Meeting and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013 has been received from a shareholder in the prescribed manner, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation for a term of five years from the date of this Annual General Meeting.

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

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

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, the remuneration of M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) appointed as Cost Auditor by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 amounting to ₹ 1.75 Lacs plus taxes thereon besides reimbursement of out of pocket expenses on actual basis incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.".

By Order of the Board
For Talbros Automotive Components Limited

Sd/-
Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

Notice (Contd.)

NOTES:

1. **In accordance with the General Circular No. 20/2020 dated May 5, 2020, read with the circulars dated 8th April, 2020 and 13th April, 2020 issued by the Ministry Of Corporate Affairs (MCA) and in accordance with the Circular dated 12th May, 2020 issued by the Securities and Exchange Board Of India providing relaxations to the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (Listing Regulations, collectively "Applicable Circulars") Annual General Meeting (AGM) will be conducted through video conferencing/other audio visual means (VC/OAVM). Members can attend and participate in the 63rd AGM through VC/OAVM. The deemed venue for the AGM will be the Registered Office of the Company and the physical attendance of the members at a common venue has been dispensed with.**

   Accordingly, A MEMBER IS NOT ENTITLED TO APPOINT A PROXY FOR THE 63rd AGM.

2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint Proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

3. a) The Company is pleased to provide two-way facility through VC/OAVM and live webcast of the proceedings of the 63rd Annual General Meeting on 25th September, 2020 from 10.30 a.m. (IST) onwards at web link – https://www.evoting.nsdl.com

   b) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for maximum of 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

6. **In accordance with the Applicable Circulars, electronic copies of the 63rd Annual Report and this Notice, inter-alia, indicating the process and manner of e-voting along with instructions to attend the AGM through VC/OAVM are being sent by mail to those members whose email addresses have been made available to the Company/ Depository Participants.**

7. **Members may also note that the Notice of the AGM and the Annual Report are available on the website of the Company www.talbros.com, websites of the Stock Exchanges i.e, BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com and on the website of NSDL i.e, www.evoting.nsdl.com**

8. **Members desiring any information relating to the annual accounts or any document pertaining to the explanatory statement are requested to send an email to the Company at seema_narang@talbros.com at least ten (10) days before the AGM.**

9. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, which sets out details relating to Special Businesses mentioned at Items no. 4 to 7 is annexed hereto.

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

a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of voting through electronic means to its members. Members of the Company can transact all the items of the businesses with the facility of voting through electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL).

b) The members who have casted their vote by remote e-voting prior to the meeting may also participate in the meeting through VC/OAVM but shall not be entitled to cast their vote again.

c) The "cut-off" date for determining the eligibility for voting through remote electronic voting system is fixed as Friday, 18th September, 2020. The voting rights of the shareholders shall be in proportion to their shares on the total paid-up equity share capital as on the cut-off date.

d) Ms. Kiran Sharma, a practicing Company Secretary (Membership no. 4942), has been appointed as the scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.

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

OTHER INFORMATION RELATED TO REMOTE E-VOTING PROCEDURE-

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

Commencement of e-voting	Tuesday, 22nd September, 2020 at 9:00 A.M (IST)
End of e-voting	Thursday, 24th September, 2020 at 5:00 P.M.(IST)

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

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

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-voting system

Details for Step 1 are as under:

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

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

Notice (Contd.)

4. Your User ID details are given below:

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

5. Details for using your password are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned under heading in Note no. 10 (6) herein below **"Instructions for those shareholders whose email ids are not registered.**"

6. If you are unable to retrieve or have not received the "Initial password" or have for gotten your password:

a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "**Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

STEP 2:

Instructions to cast your vote electronically are as under:

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or **contact Ms. Pallavi Mhatre, Manager or Ms. Soni Singh, Asst. Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email id -evoting@nsdl.co.in or pallavid@nsdl.co.in or SoniS@nsdl.co.in or at telephone nos.:- +91 22 24994545, +91 22 24994559**, who will also address the grievances connected with the voting by electronic means.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to seema_narang@talbros.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card) to seema_narang@talbros.com.

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

i. Member will be provided with a facility to attend the AGM through VC/OAVM through NSDL e-Voting system.Members may access the same at **https://www.evoting.nsdl.com** under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.

ii. Members are requested to participate on first-come-first-served basis, as participation at the meeting through video conferencing will be limited to maximum of 1000 members. The meeting can be joined 15 minutes before the scheduled time of AGM and will be closed on the expiry of 15 minutes from the scheduled time of the AGM. However, there will be no such restrictions for participation at the meeting by large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

iii. The procedure for e-Voting on the day of the AGM is same as the instructions for remote e-voting mentioned earlier.

iv. Members are encouraged to join the Meeting through Laptops for better experience. Further, members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at seema_narang@talbros.com by 15th September, 2020 (5.00 pm IST). Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending upon the availability of time at the AGM.

Notice (Contd.)

vi. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/1800-222-990 or may also contact **Ms. Pallavi Mhatre, Manager or Ms. Soni Singh, Asst. Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email id - evoting@nsdl.co.in or pallavid@nsdl.co.in or SoniS@nsdl.co.in or at telephone nos.:- +91 22 24994545, +91 22 24994559**, who will also address the grievances connected with the voting by electronic means.

12. The Register of Members will remain closed from Thursday, 17th September, 2020 to Friday, 25th September, 2020 (both days inclusive).

13. Subject to the provisions of Section 124 of the Act, dividend as recommended by the Board of Directors, if declared at the AGM will be paid to the Members on the basis of the details of beneficial ownership furnished by the Depositories, as at the close of Wednesday, 16th September, 2020 and in respect of shares held in physical form to those members whose names will appear in the Register of Members of the Company as on the close of Wednesday, 16th September, 2020.

14. The members are requested to update their bank details with their Depository Participants or Registrar and Transfer Agent (RTA) for the purpose of receiving dividend. The Ministry of Corporate Affairs (MCA) is encouraging all the members to receive dividend electronically due to unprecedented lockdown in various areas due to Covid-19 and uncertainty of postal services.

15. As you may be aware that in terms of the provisions of the Income Tax Act, 1961 ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April, 2020 is taxable in the hands of the Members. The Company is, therefore, required to deduct tax at source at the time of payment of dividend to the Members.

    For resident members: Tax will be deducted at source ("TDS") under Section 194 of the Act (read with Press Release dated May 13, 2020) @ 7.5% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2020-21 does not exceed ₹ 5,000/-.

    Tax at source will **NOT** be deducted where a member provides Form 15G (applicable to Individual in case of dividend) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can also be downloaded from the website of the RTA viz. **https://ris.kfintech.com/form15**

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

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

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

by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the member, if they are more beneficial to the member. For this purpose, i.e. to avail tax treaty benefits, the non-resident member will have to provide the following:

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

The documents referred to in point nos. (iii) to (v) can be downloaded from the website of the RTA viz. **https://ris.kfintech.com/form15**

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

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

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents through email to rajeev.kr@kfintech.com not later than Tuesday, 15th September, 2020.

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

- NIL for resident members receiving dividend up to ₹ 5,000/- or in case Form 15G / Form15H (as applicable) along with self-attested copy of the PAN is submitted.
- 7.5% for resident members in case PAN is provided / available.
- 20% for resident members, if PAN is not provided / not available.
- Tax will be assessed on the basis of documents submitted by the non-resident members.
- 20% plus applicable surcharge and cess for non-resident members in case the aforementioned documents are not submitted.
- Lower / NIL TDS on submission of self-attested copy of the certificate issued under Section 197 of the Act.

Notice (Contd.)

Kindly note that the aforementioned documents should be uploaded with KFin Technologies Private Limited, the Registrar and Transfer Agent of the Company at https://ris.kfintech.com/form15 or sent through e-mail to einward.ris@kfintech.com and rajeev.kr@kfintech.com.

No communication on the tax determination / deduction shall be entertained after 15th September, 2020.

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

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

All dividend remaining unclaimed/unpaid for a period of seven years from the date it became due for payment, will be transferred to the Investor Education and Protection Fund established by the Central Government. Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay.

16. Details of the Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms a part of this Notice.
17. Register of contracts or arrangements in which directors are interested will be produced at the commencement of AGM and remain open and accessible during the continuance of the AGM to any person attending meeting through VC/OAVM.
18. Register of Directors and Key Managerial Personnel will also be kept open for inspection during the AGM and accessible to the persons attending the AGM through VC/OAVM.
19. In terms of Section 72 of the Companies Act, 2013 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination are requested to send their request in Form SH-13 for nomination and Form SH-14 for cancellation/ variation as the case may be to the RTA. The said forms can also be down-loaded from the Company's website www.talbros.com.
20. Attention of the members is drawn to the provisions of Section 124(6) of the Act which requires a company to transfer all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more in the name of IEPF Authority. In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has intimated the shareholders whose shares are liable to be transferred in the name of IEPF Authority. Members are advised to visit the website of the Company www.talbros.com to ascertain such details.
21. Since the Annual General Meeting will be held through video conferencing, the route map and attendance slip are not attached to this Notice.

By Order of the Board
For Talbros Automotive Components Limited

Sd/-
Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

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

Item No. 4 and 5

Mr. Umesh Talwar is one of the Promoters of the Company and has been managing the affairs of the company as its Vice Chairman & Managing Director (VCMD) since 2000. Shareholders of the Company at their 60th Annual General Meeting held on 26th September, 2017 had approved the re-appointment of Mr. Umesh Talwar as VCMD for a period of 3 years from 1st April, 2018 to 31st March, 2021, not liable to retire by rotation.

Mr. Anuj Talwar has been associated with the Company since 2008. He has over 16 years of rich experience in the Corporate Finance, Credit analysis and Auto Industry. Shareholders of the Company at their 60th Annual General Meeting held on 26th September, 2017 had approved the re-appointment of Mr. Anuj Talwar as Joint Managing Director for a period of 3 years from 14th August, 2018 to 13th August, 2021, liable to retire by rotation.

At their subsequent Annual General Meeting held on 25th September, 2018, shareholders of the Company had approved the revised remuneration for Mr. Umesh Talwar and Mr. Anuj Talwar w.e.f 1st April, 2018.

As the current term of appointment of Mr. Umesh Talwar and Mr. Anuj Talwar are valid till 31st March, 2021 and 13th August, 2021 respectively, approval of members by way of special resolution(s) is sought for the re-appointment of Mr. Umesh Talwar and Mr. Anuj Talwar for a period of 3 years from 1st April, 2021 and 14th August, 2021 respectively at the existing remuneration.

The Board of Directors has, subsequent to the approval and recommendation of the Nomination and Remuneration Committee in its meeting held on 18th June, 2020, approved the re-appointments of Mr. Umesh Talwar and Mr. Anuj Talwar as mentioned in the respective resolutions at Item no. 4 and 5 subject to shareholders' approval.

The shareholders of the Company are requested to approve the re- appointment of Mr. Umesh Talwar and Mr. Anuj Talwar on the remuneration as mentioned in Item No. 4 and 5 of this Notice for a period of three years with effect from 1st April, 2021 and 14th August, 2021 respectively to be paid as minimum remuneration in case of loss or inadequacy of profits in any financial year during their tenure.

In order to ensure continuity in payment of remuneration to whole time Directors irrespective of unforeseen volatility in operations/ profitability and as per the requirements of Section – II of Part – II of Schedule V of the Companies Act, 2013 a Special Resolution is also required to be passed for payment of managerial remuneration, therefore consent of members by way of a Special Resolution is sought for re-appointment of Umesh Talwar as VCMD and Mr. Anuj Talwar as Joint Managing Director of the Company w.e.f. 1st April, 2021 and 14th August, 2021 respectively for a period of three years at specified remuneration as detailed in the proposed resolutions at item no. 4 and 5.

The Directors are of the opinion that the re-appointment of Mr. Umesh Talwar as VCMD and Mr. Anuj Talwar as Jt. Managing Director will be in the interest of the Company considering their rich experience, product and industry knowledge and strong board performance that will benefit the Company in the long run and also help the Company to steer through the difficult and challenging times. Accordingly, the Directors recommend the Special Resolutions at item no. 4 and 5 of this notice for your approval.

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

Mr. Umesh Talwar and Mr. Anuj Talwar hold 4,31,906 and 62,851 equity shares of the Company respectively.

Mr. Umesh Talwar and Mr. Anuj Talwar hold directorships in the following Companies:

Mr. Umesh Talwar		Mr. Anuj Talwar	
Name of the Company	**Date of Appointment**	**Name of the Company**	**Date of Appointment**
QH Talbros Pvt. Ltd.	06-06-2014	T&T Motors Pvt. Ltd.	30-09-2015
Sunrise Medicare Pvt. Ltd.	04-04-2002	Talbros International Pvt. Ltd	30-09-2016
		Magneti Marelli Talbros Chassis Systems Private Limited	03-02-2012
		Talbros Margo Rubber Pvt. Ltd.	23-08-2012
		Nippon Leakless Talbros Private Limited	13-02-2020

Notice (Contd.)

Mr. Umesh Talwar and Mr. Naresh Talwar being brothers are related to each other. Mr.Umesh Talwar is the father of Mr. Anuj Talwar and hence both are related to each other.

None of the Directors/Key Managerial Personnel of the Company/their relatives, except the appointee, Mr. Naresh Talwar, being brother of Mr. Umesh Talwar and Mr. Anuj Talwar, being the son of Mr. Umesh Talwar, is concerned or interested, financially or otherwise, in the special resolution set out at Item No. 4.

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

The statement of information as required under Section II of Part-II of Schedule V to the Companies Act, 2013 is as under:

(I) General Information:					
Nature of Industry	Manufacturing Auto Components				
Date of commencement of commercial operation	The Company was incorporated on 08th September, 1956 and it has started its Commercial production in 1957.				
Financial Performance:					(₹ Lacs)
Financial Parameters	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Turnover (₹ In Lacs)	31008.52	35343.01	40000.61	48284.79	38529.41
Net profit as per profit and loss statement	1169.98	1012.87	1909.11	2167.57	671.89
Dividend paid (₹ In lacs)	185.18	185.18	185.18	222.22	61.73
Rate of dividend declared	15%	15%	15%	18%	5%
Joint Ventures (JV)/ Foreign	– Nippon Leakless Corporation Japan, (JV with Nippon Leakless Corporation, Japan) – Magneti Marelli Talbros Chassis Systems Private Limited (JV with Sistemi Sospensioni S.p.A, Italy) – Talbros Marugo Rubber Private Limited (JV with Marugo Rubber Industries Ltd, Japan)				

II. Information about the appointees:

Name	**Mr. Umesh Talwar**	**Mr. Anuj Talwar**
Background Details	Mr. Umesh Talwar, aged 69 years, has done B.Com (Hons.) from Hindu College, Delhi University and MBA from XLRI, Jamshedpur. He has more than 43 years of experience in the Automotive Component Industry. He has been associated with the Company since 1977. He is one of the Promoters and has been managing the affairs of the company as its Vice Chairman & Managing Director (VCMD) since 2000. Under his leadership the company has received various awards and recognition.	Mr. Anuj Talwar, aged 39 years, is a Bachelor in Business Administration from college of William & Mary, Virgina, USA and Master of Business Administration from Boston University Graduate School of Management. He has been associated with the Company since 2008. He had over 15 years of rich experience in the Corporate Finance, Credit analysis and Auto Industry.
Past remuneration **(₹ Per annum)**	2017-18 108.82 lacs 2018-19 175.40 lacs 2019-20 171.01 lacs	2017-18 78.29 lacs 2018-19 150.40 lacs 2019-20 146.58 lacs

Notice (Contd.)

Job profile and his suitability	Mr. Umesh Talwar is responsible for day to day management and administration of the Company's operations subject to the superintendence, direction and control of the Board.	Mr. Anuj Talwar is responsible for coordinating with Joint Venture Companies, particularly Magneti Marelli Talbros Chassis Systems Private Limited and Talbros Marugo Rubber Private Limited as well as new business developments.
Remuneration proposed	As set out in the explanatory statement for resolution at item no. 4 and 5 of this Notice. The remuneration to VCMD and JMD has been approved by the Nomination and Remuneration Committee & Board of Directors in the meetings held on 18th June, 2020.	
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	In view of the size of the Company, the qualification and experience of Mr. Umesh Talwar and Mr. Anuj Talwar and the profile being handled by them, the remuneration as mentioned above is on the lower side as compared to the remuneration being paid to managerial positions in other Companies in the industry.	
Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any	Besides, the remuneration proposed, Mr. Umesh Talwar does not have any other pecuniary relationship with the Company. However Mr. Umesh Talwar is related to Mr. Naresh Talwar being his brother and to Mr. Anuj Talwar being his father.	Besides the remuneration proposed, Mr. Anuj Talwar does not have any other pecuniary relationship with the Company. However Mr. Anuj Talwar is related to Mr. Umesh Talwar being his son.
III. Other information:		
Reasons for loss or inadequate profits	There are no losses and the Company does not envisage any loss or inadequate profits during the tenure of appointment of Mr. Umesh Talwar and Mr. Anuj Talwar. However, approval of the members by way of Special Resolution is sought as a matter of abundant caution in order to ensure continuity in payment of remuneration to the Whole time directors irrespective of the unforeseen volatility in operations/profitability and also as per the requirements of Section II of Part II of Schedule V to the Companies Act, 2013.	
Steps taken or proposed to be taken for improvement	The management makes continuous endeavors and efforts to bring an increase in the productivity and profitability. These efforts, inter alia include the following: • The Company is exploring new markets/buyers in the international markets to increase export sales. • The Company is concentrating on the replacement market sale and has introduced new marketing strategies to it further. • The Company has taken various initiatives to save on the cost so as to improve the profit margin. • The Company is ready to deliver BS-VI compliant products.	
Expected increase in productivity and profits in measurable terms	With the transition from BS-IV to BS-VI emission norms, the management hopes that the momentum of growth would be in double digits. However, the actual results may differ due to factors like changes in Government regulations, tax laws, economic developments within and outside the country and other related factors.	

Notice (Contd.)

IV. DISCLOSURES	
i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors; ii. Details of fixed component and performance linked incentives along with the performance criteria iii. Service contracts, notice period, severance fees; iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	All the required disclosures have been made in the Corporate Governance Report section and form a part of the 63rd Annual Report for the financial year ended 31st March, 2020.

Item No. 6

In terms of the provisions of Section 149 of the Companies Act, 2013 every listed company shall have at least one third of the total number of directors as Independent Directors and any fraction contained in such one third shall be rounded off as one. An Independent Director shall hold office for a term upto 5 consecutive years on the Board of a Company. Explanation to Section 152(6) signifies that Independent Directors are not liable to retire by rotation and can be appointed only for a fixed term upto five consecutive years.

Based on the recommendation of the Nomination & Remuneration Committee, the Board had appointed Mr. Tarun Singhal as an Additional Director (Independent) of the Company effective from 18th June, 2020 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and he holds office upto the date of the ensuing Annual General Meeting and recommends the appointment of Mr. Tarun Singhal as Independent Director, not liable to retire by rotation for a term of five years from the date of the ensuing Annual General Meeting.

The Company has received the requisite declarations from him that he meets the criteria of independence. In the opinion of the Board, he fulfills the conditions as specified in the Act and Rules made thereunder and the Listing Regulations for his appointment and is independent of the management. He is person of integrity and possesses appropriate skills, experience, knowledge and qualification in his respective field which would be beneficial to the interest of the Company. Keeping in view his vast experience and knowledge that he possesses, the Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director.

Mr. Tarun Singhal holds 2,349 equity shares of the Company in his own name.

A notice in writing in the prescribed manner, as required under Section 160 of the Companies Act, 2013 and the rules made thereunder, has been received from the shareholder by the Company proposing the candidature of Mr. Tarun Singhal for appointment as Independent Director.

A copy of the draft letter for appointment of Mr. Tarun Singhal as an Independent Director setting out the terms and conditions would be available for inspection in electronic mode. Members can inspect the same by sending an email to the Company at seema_narang@talbros.com

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

Except Mr. Tarun Singhal, being an appointee, none of the Directors/KMPs of the Company/their relatives is concerned or interested, whether financially or otherwise in the resolution set out at Item No. 6.

The Board recommends the appointment of Mr. Tarun Singhal as an Independent Director, for the approval by members of the Company.

Item no. 7

The Board, on the recommendation of Audit committee, has approved the re-appointment and of M/s. Vijender Sharma & Co., Cost Accountants (Firm Registration No. 00180) as Cost Auditor of the Company to audit the cost records maintained by the Company for the financial year ending 31st March, 2021. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item no. 7 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

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

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

By Order of the Board
For Talbros Automotive Components Limited

Sd/-
Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

ANNEXURE TO EXPLANATORY STATEMENT

Details of Directors seeking Appointment/ Re-appointment at the forthcoming Annual General Meeting (pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	Mr. Umesh Talwar	Mr. Anuj Talwar	Mr. Navin Juneja	Mr. Tarun Singhal
DIN	00059271	00628063	00094520	07056960
Date of Birth	29.09.1950	19.12.1980	30.09.1957	21.08.1957
Date of Appointment	01.04.2012	14.08.2012	12.11.2010	18.06.2020
Qualifications	B.Com (Hons.) from Hindu College, Delhi University and MBA from XLRI, Jamshedpur	Bachelor in Business Administration from College of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management	B.Sc. (Hons.) (Mathematics) & Chartered Accountant (FCA)	B. Tech.(E.E.)- Indian Institute of Technology , Kanpur
Nature of expertise in specific functional areas	Over 43 years of varied experience in Automotive Components Industry.	Over 15 years of rich experience in Corporate Finance, Credit analysis and Auto Industry.	Advises various companies on financial management and corporate planning. More than 34 years of rich experience in Finance, Accounting and Strategic Planning.	Retired Top level executive with 41 years' experience including 22 years in the automotive industry in India and abroad. Currently, independent consultant to the Auto Industry..
Directorship and Trusteeship in other Companies	1. QH Talbros Pvt. Ltd. 2. Sunrise Medicare Pvt. Ltd.	1. Talbros Marugo Rubber Pvt. Ltd. 2. Magneti Marelli Talbros Chassis Systems Pvt. Ltd. 3. Talbros International Pvt Ltd. 4. T & T Motors Pvt. Ltd. 5. Nippon Leakless Talbros Private Limited	1. Beacon Sales Pvt Ltd. 2. Sunrise Medicare Pvt Ltd. 3. Talbros Realtors Pvt Ltd. 4. Talbros International Pvt. Ltd. 5. TANDT Multi Trading Private Limited	1. TANDT Multi Trading Private Limited 2. Allied Motors Limited
Members of Committees of other Companies	-	-	-	-
No. of shares held	4,31,906	62,851	1,453	2,349

Board's Report

Dear Members,

Your Directors are pleased to present the 63rd Annual Report on the business and operations of your Company along with Audited Accounts and the Auditors' Report thereon for the Financial Year ended 31st March, 2020.

Financial Highlights:

(₹ in Lacs)

Particulars:	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Net Revenue from Operations	38,529.41	48,284.79
Profit before Interest and Depreciation	4,545.23	6,286.24
Less : Interest	1610.23	1,552.53
Depreciation	1917.05	1,790.12
Profit before Tax before Exceptional Item	**1017.95**	**2,943.59**
Exceptional Item	213.80	-
Profit before Tax and after Exceptional Item	**804.15**	**2,943.59**
Less: Provision for Taxation	133.75	882.71
Provision for Deferred Tax	16.70	(76.41)
Less: (Excess)/ Short provision of tax for earlier years written back/ provided	(18.19)	(30.28)
Profit after Tax	**671.89**	**2,167.57**
Other Comprehensive Income		
a) Items that will not be reclassified to profit and loss	(1,349.61)	(626.39)
b) Income tax relating to items that will not be reclassified to profit and loss	316.07	151.52
Total other comprehensive income	**(1,033.54)**	**(474.87)**
Total comprehensive income	**(361.65)**	**1,692.70**

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

BUSINESS REVIEW

India's automotive industry was already battling a prolonged slowdown due to declining demand owing to various reasons, the outbreak of the COVID-19 pandemic has added to the adverse impact.

The outbreak of COVID-19 pandemic towards the end of 2019 has hit one and all globally. The lockdown announced by the Government of India to prevent the spread of the pandemic has a huge impact on Indian economy. The uncertainty has lead the automobile industry to cut down on CAPEX plans. This includes various OEMs; not only in the IC engines but also capex at the EV space will be delayed for a long time.

As a result of COVID-19, the demand for Company's products has seen a drastic slowdown and has hampered the supply chain for the automotive industry as a whole. This in turn has an impact on the supply chain of your Company and could pose challenges in the foreseeable future.

During this uncertain period, your Company has implemented detailed business continuity plans in an effort to secure the continuity of operations while caring for the health, safety and well-being of its employees.

Your Company is prepared to focus its efforts on securing supplies, manufacturing and logistics for growth amidst this crisis to be on the path of recovery.

FINANCIAL REVIEW

The performance of the gasket division has been adversely impacted due to slow down at our major customers in this segment. Due to COVID-19, the plants closed on 22nd of March and we lost sale of approximately ₹ 10 crores in last 10 days from this plant in gaskets.

The gasket segment saw a combined EBITDA of about ₹ 39 crores for FY20. In the forging division in FY20 the revenue was ₹ 129.56 crores as against ₹ 164.65 crores in FY19. And here we lost revenue of about ₹ 8 crores in last 10 days. EBITDA

Board's Report (Contd.)

for FY20 for forging was ₹ 13 crores vis-à-vis ₹ 20 crores in FY19. Regarding Magneti Marelli Talbros Chassis Systems Private Limited, our share of total income for FY20 stood at ₹ 68 crores versus ₹ 65 crores in FY19 on a year-on-year basis.

During the Financial Year 2019-20, your Company on standalone basis has recorded a turnover of ₹ 385.29 crores, approximately 20.20% as compared to the last financial year 2018-19 with Gross turnover of ₹ 482.85 crores. Profit after tax (PAT) for the Company was at ₹ 6.72 crores, approximately 69% lower as compared to PAT of ₹ 21.68 crores in the previous year 2018-19.

The JV Company Nippon Leakless Talbros Private Limited (LTL) recorded a turnover of ₹ 105.07 crores, lower by approximately 13.20% as compared to last financial year 2018-19 with turnover of ₹ 121.05 crores. PAT of LTL was ₹ 10.76 crores, lower by approximately 29.51% as compared to the PAT of ₹ 15.26 crores in the previous year 2018-19.

The JV Company Magneti Marelli Talbros Chassis Systems Private Limited (MMT) has recorded a turnover of ₹ 136.78 crores, higher by approximately 5.78% as compared to last Financial Year 2018-19 with turnover of ₹ 129.91 crores. PAT of MMT was at ₹ 8.36 crores, higher by approximately 3.54% as compared to ₹ 8.08 crores in previous year 2018-19.

Talbros Marugo Rubber Private Limited (TMR), another JV Company has recorded a turnover of ₹ 46.03 crores, lower by approximately 11.57% as compared to last Financial Year 2018-19 of ₹ 52.05 crores. Loss before tax of TMR was at ₹ 0.22 crores as compared to PAT of 0.68 crores in previous financial year 2018-19.

During the Financial Year 2019-20, the consolidated total revenues reduced by 20.20% from ₹ 482.85 crores in 2018-19 to ₹ 385.29 crores in 2019-20. Profit before exceptional items on standalone basis reduced by 65.42% from ₹ 29.43 crores in 2018-19 to ₹ 10.18 crores in 2019-20.

NEW INITIATIVES & FUTURE OUTLOOK

During these challenging times the Company has been able to secure orders worth $31 million/ INR 234 Crores for the domestic as well as exports market. These orders will be running through start from H2 of this year to 2025-26. This order is the peak cumulative value over 5 years. The continued focus of the Company towards exports business has borne fruits. The Company has also made a lot of efforts towards product development, testing with global auto majors over the last few years.

The Company now caters exports to USA, UK, Europe and Japan. With the whole anti-China movement happening, this could benefit a country like India. The new orders are a huge validation of our technical capabilities and open the doors for many new customers across the globe. In these tough times these orders will hugely benefit the brand equity of Talbros Group and further enhance our commitment for Make in India initiative of the Government of India. It clearly provides us long term visibility and business momentum.

The Company has been focusing on exports and on technical validation of our products we are proud to say that in our gasket business we are totally BS-VI ready. With our commercial vehicle space our value content goes up in the vehicle higher by about two times than earlier. The Company is also focusing a lot on technology to help in localize a lot of the raw material imports.

The Company has a post coating line, a technology tie up with Japan which will help us in further reducing our imports and result in cost savings. The Company has made strategic raw material sourcing agreements resulting in savings in our operational costs, reduction of raw material inventory and working capital investments.

Our new product line is the heat shield line within the gasket business that is critical for heat, sound and vibration insulation and is the future for automobiles and a good induction to global OEMs with this product. Here, the Company is seeing a lot of traction now finally in the Indian domestic automotive market with certain key big players in the OE space. This is again linked to the engine sizes becoming more powerful but the space to put the engine becoming even smaller that these chassis norms that India is going to be a part of Euro-VI this is going to have a huge opportunity for this product line going forward.

We have also developed new gasket technologies like Cover Gasket integrated with injector wiring harnesses. The Company is expected to get good business in the current and the following years. Company has made major investment in creating dust free environment and in developing high performance sealing technologies and materials to meet the requirements of new generation BS VI engines.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

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

Board's Report (Contd.)

TRANSFER TO RESERVE

An amount of ₹ 50.00 lacs has been transferred to General Reserves out of the profit earned during the Financial Year 2019-20.

DIVIDEND

Your Directors are pleased to recommend 5% dividend at the rate of ₹ 0.50/- per share for the financial year 2019-20 on 12345630 equity shares of ₹ 10/- each, aggregating to ₹ 61,72,815/- (Rupees Sixty one lakhs Seventy Two Thousand and Eight Hundred Fifteen Only), for the approval of members at the ensuing Annual General Meeting.

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

The outbreak of COVID-19 pandemic has adversely impacted the business and operations of the Company through disruptions like lockdowns, difficulty in managing the supply and distribution network and reduction in the sales. The Company lost sales of approximately ₹ 10 crores in the gasket division in the last 10 days of the financial year due to closure of its plants.

CHANGE IN THE NATURE OF BUSINESS

There have been no changes in the nature of business of the Company during the year under review.

INDUSTRY OVERVIEW

The Indian automobile industry is one of the driving forces of the economy. It contributes about 49% to the country's manufacturing gross domestic product (GDP). Being deeply integrated with other industrial sectors, it boosts employment, exports and FDI inflows. With cost-effective operations, efficient manpower and a fast-growing dynamic market, India has emerged as a prime destination for many multinational automobile companies.

The automotive industry has been quick to feel the immediate effect of a widespread lockdown because of COVID-19 pandemic, and in the short term the outlook is tough for the whole sector. The sales have fallen sharply, with dealership networks and manufacturing facilities closed or mothballed leading to unutilized capacities and production cuts.

The year 2019-20 was a turbulent year for the automobile industry. The industry produced a total 26,362,282 vehicles in 2019-20 as against 30,914,874 in 2018-19. The industry was going through a demand downturn for over 15 months preceding the Covid-19 outbreak. Sales were expected to revive in festive season stimulated by promotional offers and new model launches. However, volumes dipped soon after the season was over. The slowdown was primarily owing to liquidity crunch, weak economic activities, low consumer sentiments, as well as increased insurance cost and prices with transition to BS-VI. Lack of clarity on policy for electrification of vehicles added to the woes. These factors brought total disruption in its entire value chain with working capital challenges across the sector. Further, the lockdown imposed in order to curb the spread of COVID-19 pandemic has impacted the operations of the automobile companies leading to unutilized capacities and production cuts.

During the 2019-20, overall vehicle sales reached a total of 21,545,488 units. The sale of passenger vehicles declined by (17.88) % in 2019-20 (April- March) compared to sales in 2018-19. In terms of overall commercial vehicles segment, it registered a de-growth of (28.75) %. The sales of three-wheelers declined by (9.19) %. The sales of two wheelers registered a de-growth of (17.77) %. In 2019-20, overall growth of automobile exports was 2.95%. The passenger vehicles exports marginally increased by 0.17% and two wheelers exports registered growth of 7.30% in 2019-20 compared to 2018-19. The sale of quadricycle during the year 2019-20 was 942 units as compared to 627 units during the period from August 2018 to March 2019.

SHARE CAPITAL

The paid up capital of the company as on 31st March, 2020 was ₹ 1234.563 lacs. During the year under review, the company did not issue any class or category of shares, Employee Stock Options, Convertible securities and consequently there is no change in the capital structure since previous year.

Board's Report (Contd.)

CREDIT RATING

Company's credit rating was revised as per rating issued by CARE ratings on 3rd April, 2020.

The rating stands revised as under:

Facilities	Approved Amount (₹ Crores)	Rating	Rating Action
Long term Bank Facilities	140.18 (reduced from 140.95)	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE A; Stable (Single A; Outlook: Stable)
Short term Bank Facilities	35 (reduced from ₹ 45 cr)	CARE A2+ (A Two Plus)	Revised from CARE A1 (A One)
Medium Term Instrument (Fixed Deposit)	10	CARE A- (FD); Stable Single A Minus (Fixed Deposits); Outlook: Stable	Revised from CARE A (FD); Stable [Single A (Fixed Deposit); Outlook:Stable]

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

In terms of provisions of Section 125 of the Companies Act, 2013, the unclaimed final dividend pertaining to the financial year 2011-12 amount aggregating to ₹ 2,21,002.81/-had been transferred to the "Investor Education and Protection Fund" established by the Central Government on 3rd October, 2019.

The Company shall transfer the unclaimed dividend for the financial year 2012-13 to Investor Education and Protection Fund on or before October14, 2020 upon completion of 7 years from the date of transfer of said dividend into the Unclaimed Dividend Account in compliance with the provisions of Section 125 of the Companies Act, 2013.

The shareholders who have not encashed their dividend warrants for the financial year 2012-13 or any subsequent year are requested to lodge their claims for revalidation of dividend warrants. The Company is intimating those members who have so far not claimed the unpaid dividend for the financial year 2012-13.

The Company has transferred 14,416 shares to "Investor Education and Protection Fund" in the previous year and the Dividend on such shares was also transferred to the Investor Education and Protection Fund (IEPF).

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

DIRECTORS

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

No director resigned from the Company during the period under review.

However, Mr. Rajeev Ranjan Vederah, Independent Director of the Company has tendered his resignation with effect from 16th June, 2020 and the same has been taken on record by the Board of Directors from the said date.

The Board has also appointed Mr. Tarun Singhal (DIN: 07056960) as an Additional Director (Non-executive and Independent) with effect from 18th June, 2020 to hold office upto the date of this ensuing Annual General Meeting.

DIRECTORS RETIRING BY ROTATION

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the company, Mr. Navin Juneja (DIN: 00094520)is liable to retire by rotation and being eligible, offers himself for re-appointment.

Details of the proposal for director seeking re-appointment are mentioned in the annexure to the Explanatory Statement of the Notice of 63rd Annual General Meeting. The Board recommends hisre-appointment to the members for their approval.

APPOINTMENT OF INDEPENDENT DIRECTOR AND JUSTIFICATION OF THE APPOINTMENT

Mr. Ajay Kumar Vij was appointed as an Additional Director of the Company w.e.f 2nd January, 2019. He is the Co-Founder and CEO of Asian Healthcare Fund (AHF), one of India's premier 'Healthcare' focused Private Equity fund and a seasoned professional having over 16 years of experience in healthcare industry. He has wide experience in identifying promising business opportunities, developing growth strategy, structuring global expansion and alliances. He also meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013.

At their 62nd Annual General Meeting held on 25th September, 2019, the members had approved the appointment of Mr. Ajay

Board's Report (Contd.)

Kumar Vij as Independent Director for a period of five (5) years w.e.f 25th September, 2019. The Board is of the opinion that the appointment of Mr. Ajay Kumar Vij would be beneficial for the Company as he possesses requisite experience and expertise and has a strong board performance.

The Board has also appointed Mr. Tarun Singhal(DIN:07056960) as an Additional Director (Non-executive and Independent) with effect from 18th June, 2020 to hold office upto the date of this ensuing Annual General Meeting. Mr. Singhal is a B. Tech (E.E) from the Indian Institute of Technology, Kanpur and is a retired top level executive with 41 years' experience including 22 years in the automotive industry in India and abroad. Currently, he is serving as an independent consultant to the Auto Industry and is also on the Board of TANDT Multi Trading Private Limited and Allied Motors Limited.

Mr. Tarun Singhal possesses the desired knowledge and experience for being appointed as Independent Director of the Company. Mr. Singhal also meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013. The Board is of the opinion that the appointment of Mr. Tarun Singhal is in the best interests of the Company.

The appointment of Mr. Tarun Singhal for a term of five years w.e.f the ensuing Annual General Meeting has been approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee subject to approval by the shareholders. The said item of re-appointment of Mr. Tarun Singhal is on the agenda of the ensuing Annual General Meeting.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(7)

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

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

KEY MANAGERIAL PERSONNEL

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

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

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

BOARD MEETINGS

During the Financial Year 2019-20, 5 (five) Board Meetings were held on 04.05.2019, 29.05.2019, 13.08.2019, 14.11.2019 and 13.02.2020. Details of the same are available in the section Meetings of the Board of Directors', in the Corporate Governance Report.

AUDIT COMMITTEE

During the Financial Year 2019-20, 4 (four) meetings of Audit Committee were held on 29.05.2019, 13.08.2019, 14.11.2019 and 13.02.2020.

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

Name of Director		Category
Mr. V. Mohan	Chairman	Independent Director
Mr. Anil Kumar Mehra	Member	Independent Director
Mrs. Priyanka Gulati	Member	Independent Director
Mr. Amit Burman	Member	Independent Director
Mr. Vidur Talwar	Member	Non- Executive Director
Mr. Anuj Talwar	Member	Executive Director

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

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

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

All the recommendations of the Audit Committee have been duly accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

During the Financial Year 2019-20, 1 (One) meeting of Nomination and Remuneration Committee were held on February 13, 2020.

Board's Report (Contd.)

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the Financial Year 2019-20, 4 (four) meetings of Stakeholders' Relationship Committee were held on 29.05.2019, 13.08.2019, 14.11.2019 and 13.02.2020.

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

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

**Ceased to be a member w.e.f 13.08.2019*

***Appointed as a member w.e.f 13.08.2019*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the Financial Year 2019-20, 1 (one) meetingof Corporate Social Responsibility Committee was held on 13.02.2020.

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

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

REMUNERATION POLICY & BOARD EVALUATION

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

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

The Remuneration Policy of the Company is available on company's website www.talbros.com.

RELATED PARTY DISCLOSURES

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

Due to the situation caused by the Covid-19 pandemic, the CSR Committee has decided that the Company should postpone the CSR spending for the financial year 2019-20. The Committee has decided that the amount unspent for

the CSR activities for the financial year 2019-20 will be carried forward and spent during the current financial year to fulfill its obligations and ensure compliance with provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

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

AUDITORS AND AUDITORS REPORT

Statutory Auditors

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

The Report given by M/s. J C Bhalla & Co., Chartered Accountants, Statutory Auditors on the financial statement of the Company for the financial year 2019-20 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

Secretarial Auditors

The Board re-appointed Mrs. Kiran Sharma (Membership No. 4942 &Certificate of Practice No. 3116), a practicing Company Secretary for carrying out secretarial audit in terms of the provisions of Section 204 of the Companies Act, 2013 for the financial year 2020-21.

The Secretarial Audit Report for the financial year ended 31st March, 2020 as provided by M/s. Kiran Sharma & Co., Practicing Company Secretary is annexed to this Report as **Annexure IV** and forms part of this report.

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

Cost Auditors

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) were re-appointed as the cost auditors of the Company for the financial year ending 31st March, 2020 to conduct cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

The Cost Audit Report for the financial year 2018-19 issued by M/s.Vijendra Sharma & Co., Cost accountants (Firm Registration No. 00180) in respect of the various products as prescribed under the Cost Audit Rules was filed in the prescribed form with the Ministry of Corporate Affairs (MCA) during the year.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by members of the Company has been set out in the Notice of the ensuing Annual General Meeting. Further, on the recommendation of the Audit Committee the Board of Directors have also re-appointed them as Cost Auditors for financial year 2020-21, to conduct cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure was made for the same;

b) That Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period ended on 31st March, 2020;

c) That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) That Directors have prepared the annual accounts on a going concern basis;

e) That Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

f) That the directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Board's Report (Contd.)

INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

FRAUDS REPORTED DURING THE YEAR

No material frauds were reported for the period under review.

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

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures as on 31st March, 2020 in Form AOC-1 is annexed to this Report as **Annexure V**.

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

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

PARTICULARS OF REMUNERATION OF EMPLOYEES

The information/details required in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this reportas **Annexure –VII**.

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

FIXED DEPOSITS

The total amount of deposits outstanding as on 31st March, 2020 stands at ₹ 1.48 crores.

No fresh deposits were accepted during the year. Deposit amounting to ₹ 1,19,806/- remains unclaimed at the end of financial year 2019-20 and the same has been transferred to IEPF Authority on 12th June, 2020.

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

LISTING OF SHARES

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

CORPORATE GOVERNANCE

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

The Board of Directors support the concept of Corporate Governance and having regard to transparency, accountability and rationale behind the decisions have made proper disclosures separately under the heading "Report on Corporate Governance" which forms part of this Annual Report.

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

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

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

Board's Report (Contd.)

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

The Annual Report of the Internal Complaints Committee of the Company pursuant to Section 21 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for the year ended 31st December, 2019 has duly been filed to the appropriate Local Complaints Committee.

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

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

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2020.

RISK MANAGEMENT

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

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

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

VIGIL MECHANISM

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

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

The policy on vigil mechanism is available on company's website at www.talbros.com

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

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

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

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

EXTRACT OF THE ANNUAL RETURN

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

ANNEXURE I

Management Discussion and Analysis

Global economy

There were uncertainties brimming since the beginning of 2019. The economic environment across the globe was challenged by rising trade barriers, weakening business sentiments, tighter financial conditions and geopolitical tensions. However, signs of improvement were visible during the fag end of the year. Governments across the world took several measures to improve the financial situation and hence several monetary policies were amended. But, the sudden outbreak of the novel Corona virus (COVID-19), brought about a shocking halt to the economic activities across the globe.

In advanced economies, like the US, the pre-COVID phase was pretty encouraging with accelerating job growth, better consumer spending and improving trade sentiments. The Eurozone was expected to grow on account of improvements from external demand excluding Germany and Spain. However, due to COVID-19 pandemic everything has come to a halt.

The global economy registered a growth of 2.9% in 2019. However, post COVID-19, severe recessionary trends are visible and a negative growth of (3.0) % is expected to be witnessed across the globe. Disruptions in supply-chain, dip in commodity prices and fall in capital expenditures coupled with restrictive inter-geographical movement will be the key cause of the slowdown.

It is expected that the pandemic will fade in the second half of 2020 and containment efforts will be gradually unwounded. The speed of recovery and a distant possibility of a probable vaccine will play a key role towards the recovery. The policymakers across the globe will consider additional interventions to bail out the crucial sectors that run the economy. Emerging market and developing countries, will find it equally challenging to have a balance between the financial situation as well as stabilizing the healthcare systems. As per IMF estimates, the global economy is projected to grow by 5.8% in 2021. The policy support and fiscal reforms will enable strong and sustainable growth going ahead.

Indian economy

The Indian economy had its own set of challenges in addressing the sluggish growth of the economy throughout 2019. The slowdown was largely owing to reducing consumption, lower investments, increasing liquidity concerns and increasing uncertainties in the global trade scenario. The Government took several policy measures to stabilize the economy. However, the COVID-19 outbreak in March, 2020, brought the entire nation to a standstill. It impacted the regular functioning of all the segments of the economy. As a result, GDP of 2019-20 plummeted to an 11-year-low of 4.2%.

As a part of the containment measures, the Government announced several phases of lockdown. It gradually started lifting restrictions with the end of each phase. Besides, it also took several measures to boost the healthcare segment, strengthen wage support and cash transfers for the lower-income households, deferred tax payments as well as provided loan and liquidity support across several important sectors as a part of the bailout plan.

The financial package worth of ₹ 20 lacs crores has been announced to support the five pillars of the country – economy, infrastructure, technology driven system, demography and demand. The Indian GDP is expected to clock in a growth of 3.1% for 2020-21, considering the gradual lowering impact of the pandemic by the end of the year 2020.

Indian automobile industry

The Indian automobile industry is one of the driving forces of the economy. It contributes about 49% to the country's manufacturing gross domestic product (GDP).

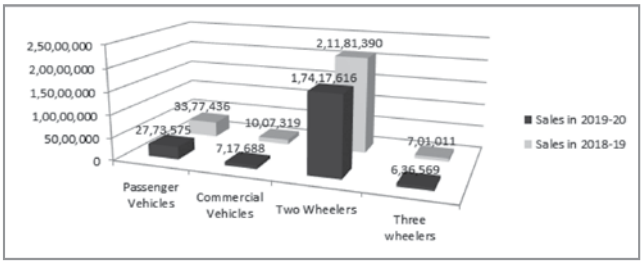
Being deeply integrated with other industrial sectors, it boosts employment, exports and FDI inflows. With cost-effective operations, efficient manpower and a fast-growing dynamic market, India has emerged as a prime destination for many multinational automobile companies.

The year 2019-20 was a turbulent year for the automobile industry. The industry produced a total 26,362,282 vehicles in 2019-20 as against 30,914,874 in 2018-19. The industry was going through a demand downturn for over 15 months preceding the Covid-19 outbreak. Sales were expected to revive in festive season stimulated by promotional offers and new model launches. However, volumes dipped soon after the season was over. The slowdown was primarily owing to liquidity crunch, weak economic activities, low consumer sentiments, as well as increased insurance cost and prices with transition to BS-VI. Lack of clarity on policy for electrification of vehicles added to the woes. These factors brought total disruption in its entire value chain with working capital challenges across the sector. Further, the lockdown imposed in order to curb the spread of COVID-19 pandemic has impacted the operations of the automobile companies leading to unutilized capacities and production cuts.

Management Discussion and Analysis (Contd.)

During the 2019-20, overall vehicle sales reached a total of 21,545,488 units. The sale of passenger vehicles declined by (17.88) % in 2019-20(April- March) compared to sales in 2018-19. In terms of overall commercial vehicles segment, it registered a de-growth of (28.75) %. The sales of three-wheelers declined by (9.19) %. The sales of two wheelers registered a de-growth of (17.77) %. In 2019-20, overall growth of automobile exports was 2.95%. The passenger vehicles exports marginally increased by 0.17% and two wheelers exports registered growth of 7.30% in 2019-20 compared to 2018-19. The sale of quadricycle during the year 2019-20 was 942 units as compared to 627 units during the period from August 2018 to March 2019.

Segment	Sales in 2019-20	Sales in 2018-19	% Change
Passenger Vehicles	27,73,575	33,77,436	(17.88)
Commercial Vehicles	7,17,688	10,07,319	(28.75)
Two Wheelers	1,74,17,616	2,11,81,390	(17.77)
Three wheelers	6,36,569	7,01,011	(9.19)



Outlook

The Indian automobile industry is witnessing stagnation after a near-decade of attractive growth. However, the fundamental of the automotive industry is still strong. Despite this challenging phase, it is expected that automobile industry will revive in the second half of 2020-21, with entirely new platforms available due to implementation of BS-VI norms. At the same time, increasing disposable income, individual tax reduction, assured income to farmers, rapid urbanization will push the vehicle demand ahead. In addition, demand for low emission and fuel-efficient vehicles will help build a strong ecosystem for electric vehicles. The upcoming Vehicle Scrappage Policy that aims at taking polluting vehicles off the roads and an anticipated GST rate cut are likely to boost the demand in the future.

Indian auto component industry

India is seen as a global sourcing hub of auto components for major OEMs and Tier 1 suppliers. Of the top 100 auto component suppliers in the world, 90 suppliers have a presence in India, creating a robust supplier ecosystem. India has reduced its dependence on imports, achieving high levels of localization such that it attained 90% localization for passenger vehicles. Although these achievements should position the sector optimally for continual growth, the recent dip in vehicle sales has disrupted the industry. This slowdown has affected all the major vehicle segments which are driven by three major factors- NBFC liquidity crunch, higher acquisition cost and weaker consumer sentiments.

Small and Medium Enterprises (SME), which make up a one third of the industry and are largely Tier-II and Tier-III players; catering to the requirements of Tier-I players, the replacement market, and OEMs to an extent, are likely to be hit hard. However, the pandemic has impacted both i.e. supply and demand of the industry. Further, the lockdown has also brought the production to standstill. Nil revenues in the auto component industry in the lockdown period has deepened the state of crisis in the industry and several small and medium enterprises are staring at insolvency.

In 2019-20, demand for these SMEs declined by 12% in value terms, as OEM production across asset classes declined by 11% to 33%.As things stand, 66% of demand for auto components comes from original equipment manufacturers (OEMs), 19% from exports, and the remaining 15% from the replacement market.

During 2019-20, net sales of the automobile OEMs witnessed a Y-o-Y decline of about 14% compared to Y-o-Y growth of about 16% in 2018-19. Auto ancillary players witnessed a decline of about 11.7% in 2019-20 compared to 14.7% in 2018-19. In terms of volume sales, industry witnessed a decline of about 13% Y-o-Y in 2019-20 (April – February).

Outlook

The growth of automobile industry is ultimately responsible for the growth of auto component industry. Industry is hoping for a better performance during the second half of 2020-21 backed by good monsoons throughout India that will propel rural demand, reduced interest rates and steep discounts to liquid the BS-IV inventory and to be ready to supply BS-VI. Stringent emission and safety standards, coupled with growing digitalization in vehicles will make electric vehicles,

Management Discussion and Analysis (Contd.)

connected cars and autonomous vehicles the key focus areas for automakers in 2020.

However, even if the pandemic is curtailed, the consumer sentiments are expected to be unfavorable and demand is expected to remain muted during 2020-21 led by fluctuating and uncertain economic conditions. Export demand is expected to decline 15% in value terms, as over 50% of exports are to Europe and the US, and demand from those markets is expected to decline owing to Covid-19. However, as the urge has been made to Government to urgently infuse financial stimulus which ensure that the industry has safe and sustainable operations after the lockdown.

Government initiatives

Some of the recent initiatives and developments undertaken by the Government in favour of the automotive industry's potential growth are listed below:

- The Government has increased basic custom duty on electric vehicles for Complete Built Ups, Semi Knock Down and Completely Knock Down vehicles in commercial and passenger segment. This will help in promoting domestic manufacturing and also in checking imports of electric vehicles
- Extension of the FAME – II benefit to electric bicycles will address the issues of pollution, traffic congestion and bring green mobility
- Formulated partial credit guarantee scheme for NBFCs, which would improve liquidity and uptake of commercial vehicle loans
- Introduction of BS-VI emission norms is a positive step to reduce emissions significantly but the initiative would lead to an 8% to 10% increase in vehicle cost, leading to enhanced GST collections for government
- Encouraged incentive-based scrappage policy and an increase in re-registration charges of vehicles to discourage use of old vehicles
- Abolishing custom duty on import of lithium-ion battery cells so that battery packs can be manufactured locally and progressively cell manufacturing can also be established in the country

Opportunities

Growing middle-class segment

Auto industry in India is likely to benefit from the aspirations of the growing middle-class segment. Rising incomes will also play a role, as roughly 60 Mn households could enter the consuming class by 2025. As the economic prosperity spreads, mobility will no longer be a luxury but a necessity for people. This will raise the demand for mobility.

Electrification intensifying

Electrification has started gaining momentum in India. Factors such as declining prices of batteries and supportive policies from the government are stimulating the segment's growth. Emission reduction and less dependent on oil imports are clear advantages of electrification. People carriers like buses, two and three-wheelers, luxury passenger vehicles, and light commercial vehicles could see maximum penetration by 2030. This will be followed by other passenger vehicles, medium - and heavy-commercial vehicles, and construction equipment, which will take longer for EVs to penetrate.

Enforcement of emission and safety standards

With regulatory updates coming up, India's emission standards will match global markets. The leap from BS IV to BS VI standards will rapidly push down the acceptable emission limits. The Corporate Average Fuel Efficiency (CAFE) regulations have already been enforcing fuel efficiency by closing down on CO^2 emissions and mandating that acceptable CO^2 limits should be 13% lower than 2017 levels, by 2022.

Support to transportation and logistics sector

Relaxing terms on existing loans through measures like interest deferment and increased moratorium period can help revive the transportation and logistics sector, which will ultimately help the Indian automobile industry by increasing demand for commercial vehicles.

Threats

Changing technological demands

The customer of the future will be more likely technologically demanding and may seek more than just a traditional automotive experience. Inability to understand the perspective of what customers want would make it difficult for the companies to make critical decisions regarding the right data and infrastructure needed to offer new, digitally enabled services.

Slowdown in economy

Slowdown in the Indian Auto industry can impact OEM volumes leading to lower capacity utilization. Further, subdued economic condition, slowing consumption, and fluctuating crude oil prices can hamper the economy. Additionally, it has also led to disruption in the supply of raw material and other critical components.

Increasing complexity and cost

The increasing environmental and safety standards will raise costs but also increase complexity of vehicles, as they have

to be imported apart from domestic market. The growing number of different vehicle segments raises complexity. Thus, OEMs will have to develop alternative technologies for lower-emission vehicles. This will require significant investment. Due to all these pressures, plus flat net price development, due to less budget available for new features, it will be more difficult for OEMs to differentiate themselves.

Company overview

Established in the year 1956, Talbros Automotive Components Limited (hereafter 'Talbros' or 'the Company'), is a manufacturer of Automotive and Industrial gaskets. Over 63 years of its success, Talbros along with its Joint Ventures/ Associates now stands as the leading brand of gaskets and heat shields, forgings, suspension systems and modules, anti-vibration components and hoses. The Company with its diversified products caters to the largest automobile OEM segment which includes passenger vehicles, commercial vehicles, two-wheelers, three-wheelers, Agri, off-loaders, and industrial, among others. The Company also caters to some of the International companies.

With its four state-of-art manufacturing facilities and sophisticated machines, the Company provides customized and best-in-quality products to its customers. Talbros has a strategic partnership with three global brands namely Nippon Leakless Talbros Pvt. Ltd, Magneti Marelli Talbros Chassis Systems Pvt. Ltd., and Talbros Marugo Rubber Pvt. Ltd. With these partnerships, the Company has become one of the leading players in the industry for manufacturing innovative and quality products.

Risk management

The Company follows a specific, risk management process which is integrated with its operations, for identification, categorization and prioritization of operational, financial and strategic business risks. The Company recognizes that proactive risk management is both an essential element of sound corporate governance and a crucial enabler to realize opportunities. It is an integral part of decision making to assess and safeguard against probable risks.

Government policies: Slow pace of policy rollout and stringent regulatory measures directly or indirectly will impact the construction of equipment leading to the low margin for the Company.

Raw material cost: Any increasing price of key raw material such as steel, shortage of the material or unavailability can adversely affect the profitability and operations of the Company.

Fuel prices: Rise in international crude oil a price exerts an upward pressure on automotive fuel in India and hence raises the cost of equipment, adversely impacting the end users.

Forex risk: The Company deals in foreign currency, by exporting its components. Hence, an adverse and unforeseen fluctuation can impact its margins and profitability of the Company.

FINANCIAL HIGHLIGHTS

During the financial year 2019-20, your Company on standalone basis has recorded a turnover of ₹ 385.29 crores, approximately 20.20% lower as compared to previous financial year 2018-19 with gross turnover of ₹ 482.85 crores. Profit after tax (PAT) for the Company was at ₹ 6.72 crores, approximately 69% lower as compared to PAT of ₹ 21.68 in the previous financial year 2018-19.

During the financial year 2019-20, the consolidated total revenues decreased by 20.20% from ₹ 482.85 crores in 2018-19 to ₹ 385.29 crores in 2019-20. Profit before tax reduced 60.39% from ₹ 34.14 crores to ₹ 13.52 crores in 2019-20. Profit after tax decreased by 53.75% from ₹ 26.38 crores in 2018-19 to ₹ 12.20 crores in 2019-20.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

For Talbros, people are the biggest assets. For all-round development of its employees at all levels various initiatives are taken at regular intervals. It is their employees' determination, dedication and dependability that provide the Company a competitive advantage. Talbros has 560 employees on board as on 31st March, 2020, who are involved in various responsibilities across organization. The Company focuses on bringing talented people on-board, conducts skill training and motivates them to collaborate and innovate to achieve greater success. Besides, several training programmes are conducted towards soft skills as well as personality development. The Company's objective is to drive an inclusive and collaborative high-performance culture that empowers employees to take advantage of business growth opportunities.

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

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

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

Management Discussion and Analysis (Contd.)

Particulars	2019-20	2018-19	Difference	Explanation for change of 25% and more
Debtors Turnover Ratio (times)	2.96	3.72	20.43%	Due to better collection from Debtors
Inventory Turnover (times)	3.57	4.37	(18.30%)	Due to slump in Automotive sales and COVID-19
Interest Coverage Ratio	1.50	2.90	(48.23%)	Due to negative sales growth of 20% and exceptional expense of ₹ 213.80 Lacs
Operating Profit Margin (%)	6.27%	9.31%	(32.70%)	Due to negative sales growth of 20% and exceptional expense of ₹ 213.80 Lacs
Net Profit Margin (%)	1.74%	4.49%	(61.15%)	Due to negative sales growth of 20% and exceptional expense of ₹ 213.80 Lacs
Return on net worth	(2.03%)	9.19%	122.12%	Due to negative sales growth of 20% and exceptional expense of ₹ 213.80 Lacs and negative return on investments valued at fair value

RETURN ON NET WORTH

Return on net worth is (2.03)% as on 31st March, 2020 as compared to 9.19% in the previous financial year ended 31st March, 2019.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Environment sustainability along with health and safety of employees are the primary focus areas for the Company. The Company aims to provide all employees with a safe, healthy and productive work environment at every manufacturing facility to ensure zero injuries. With focus on identifying and evaluating workplace safety risks and implementing safety standards, Talbros promotes employee awareness and healthy lifestyle as well. The Company integrates environmental considerations as a priority in its planning for all existing and new operations. As a part of the environment sustainability program, Talbros made regular investments during the year. The Company is also 100% asbestos-free and a qualified ASA supplier to global automakers. Besides this, regular wellness camps are also organized to keep employees healthy by conducting check-ups. The Company's main plant at Faridabad is ISO 14001: 2015 and BS OHSAS 18001: 2007 certified for Environmental Health and Safety issues.

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

INTERNAL CONTROL SYSTEMS

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

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

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

ANNEXURE II

Form No. AOC-2

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

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

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

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

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

Name(s) of the related party & nature of relationship	Nature of contracts/ Arrangement/transactions	Duration of the contracts/ agreements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
QH Talbros Private Limited (Associate Company)	Agreement for sale of Company's products.	01.04.2019 to 31.03.2022	Maximum amount of sale upto ₹ 80.00 crores in one financial year.	29.05.2019	Nil
QH Talbros Private Limited (Associate Company)	Trademark License Agreement	01.04.2014 to 31.03.2023	1% of gross replacement sales for its trademark & distribution network in each financial year during the period of contract.	26.05.2014	Nil
NipponLeakless Talbros Private Limited (JV Company)	Purchase and/ or Sale Agreement of Tyre Sealant and other production inputs.	01.04.2017 to 31.03.2020	Maximum amount of sale upto ₹ 4.00 Crores in one financial year.	21.05.2016	Nil
Nippon LeaklessTalbrosPrivate Limited (JV Company)	Sale/ Purchase Agreement of gaskets to each other.	01.04.2017 to 31.03.2020	Maximum amount of sale upto ₹ 2.00 Crores in one financial year.	21.05.2016	Nil
TalbrosMarugo RubberPrivate Limited(JV Company)	Management Fee Agreement	13.02.2018 to 12.02.2023	₹ 30.00 Lacs p.a.	24.05.2017	Nil
Talbros Marugo Rubber Private Limited (JV Company)	Purchase and/ or Sale Agreement of Rubber Components	01.04.2019 to 31.03.2022	Maximum amount of sale/purchase upto ₹ 1.50 Crores, ₹ 2.00 crores and ₹ 2.50 crores in the first, second and third year respectively.	29.05.2019	Nil
Magneti Marelli TalbrosChassis Systems Private Limited (JV Company)	Lease Agreement	14.03.2017 to 13.03.2022	Renewal of agreement for a period of 5 years w.e.f. 14.03.2017 to 13.03.2022 on same terms and conditions.	14.02.2017	Nil
Mrs. KumKum Talwar (Relative of key managerial personnel)	Rent Agreement	01.10.2019 to 30.09.2022	₹ 7.20 Lacs per annum	13.08.2019	Nil

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

ANNEXURE III

Annual Report On Corporate Social Responsibility (Csr) Activities

1.	A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.	CSR activities of Talbros is focused to: • Promote employment enhancing vocational skills for employability of youth. • Sustain efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society especially the children. • Any other project or aid which the committee considers suitable for the welfare of society or humanity at large, within the purview of Schedule VII (Section 135) or as authorized by Government. Talbros Automotive Components Limited's CSR Policy is in compliance with the provisions of Companies Act, 2013. The brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken are placed on the Company's website www.talbros.com/csr-policy/
2.	The composition of the CSR Committee.	Mr. Umesh Talwar, Chairman Mr. Amit Burman, Member Mr. Navin Juneja, Member
3.	Average net profit of the company for last three financial years.	₹ 1743.41 lacs
4.	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	₹ 34.87 lacs
5.	Details of CSR spent during the financial year: (a) Total amount spent for the financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year	 ₹ 0.50 lacs ₹ 34.37 lacs Detailed below
6.	Reasons for not spending	Due to the situation caused by the Covid-19 pandemic, the CSR Committee has decided that the Company should postpone the CSR spending for the financial year 2019-20. The Committee has decided that the amount unspent for the CSR activities for the financial year 2019-20 will be carried forward and spent during the current financial year to fulfill its obligations and ensure compliance with provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

ANNEXURE III

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.**	**Amount outlay (budget) project or programs wise (₹)**	**Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads (₹)**	**Cumulative Expenditure up to the reporting period (₹)**	**Amount Spent Direct or through implementing agency* (₹)**
1.	The Madras Esplanade Round Table 30 Trust.		Delhi	50,000/-	50,000/-	50,000/-	Implementing Agency – The Madras Esplanade Round Table 30 Trust.
TOTAL						**50,000/-**	

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

ANNEXURE IV

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,

The Members,

Talbros Automotive Components Limited

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

Faridabad, Haryana- 121003

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Talbros Automotive Components Limited** for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018*;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;*

e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999*;

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008*;

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding compliance of the Companies Act and dealing with client;

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

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;*

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

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

ANNEXURE IV

Following penalties have been imposed on the Company by BSE Limited and the 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 of Directors:

S. No.	Name of Exchange	Particulars of non-compliance	Amount of penalty (in ₹)	Date of payment of fine
1.	*BSE Limited (BSE)*	*Regulation 17(1) – Non-compliance with the requirements pertaining to the composition of the Board of Directors.* *One Independent Director of the Company had passed away and a new Independent Director was required to be appointed by the Company.*	*5,900/-*	*15th May, 2019*
2.	*National Stock Exchange of India Limited (NSE)*	*Regulation 17(1) – Non-compliance with the requirements pertaining to the composition of the Board of Directors.* *One Independent Director of the Company had passed away and a new Independent Director was required to be appointed by the Company.*	*5,900/-*	*8th May, 2019*

I further report that

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

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

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

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

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

a) Public/ Right/ Preferential Issue of shares/debentures/sweat equity, etc.

b) Redemption/buyback of securities.

c) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

d) Merger/amalgamation/reconstruction etc.

e) Foreign technical collaborations.

Kiran Sharma & Co.,
Company Secretaries

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

Place: New Delhi
Date: 24th June, 2020

Annexure- A to the Secretarial Audit Report

The Members
Talbros Automotive Components Limited
14/1, Delhi Mathura Road, P.O. Amar Nagar,
Faridabad, Haryana- 121003

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

Kiran Sharma & Co.,
Company Secretaries

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

Place: New Delhi
Date: 24th June, 2020

ANNEXURE V

Form AOC-1

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

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

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

Part "B": Associates and Joint Ventures

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

(₹ In lacs)

Sl. No.		Joint Ventures			Joint Ventures	
	Name of Associate/Joint Ventures	**Nippon Leakless Talbros Pvt. Ltd.**	**Magneti Marelli Talbros Chassis Systems Pvt. Ltd.**	**Talbros Marugo Rubber Pvt. Ltd.**	**QH Talbros Private Ltd.**	**Talbros International Pvt. Ltd.**
1	**Latest Audited Balance Sheet date**	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2019	31st March, 2019
2	**Details of Associates / Joint Ventures where shares held by the Company**					
	Total shares issued by the Associates/ Joint Venture	12000000	23560000	19000002	3050000	6552111
	Number of shares held by the company	4800000	11780000	9500000	177962	1326970
	Amount of Investment in Associates/ Joint Venture (in INR Lakhs)	480.00	1178.00	950.00	-	642.31
	Extend of Holding % in the Associates/ Joint Venture	40%	50%	50% less one share	5.83%	20.25%
3	**Description of how there is significant influence**	Joint Venture			No Significant influence	Associate
4	**Reason why the associate/joint venture is not consolidated**	Consolidated			Shareholding is less than the threshold limit for Consolidation	Not Applicable
5	**Net worth attributable to Shareholding as per latest audited Balance Sheet (in INR Lakhs)**	2135.46	1787.51	686.81	719.44	707.27
6	**Profit/ Loss for the year After Tax (in INR Lacs)**	1075.69	836.47	(22.19)	1786.03	(46.63)
i.	Considered in consolidation (in INR Lacs)	430.28	418.23	(11.10)	-	-
ii.	Not considered in consolidation (in INR Lacs)	645.41	418.24	(11.09)	-	-

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

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

ANNEXURE VI

Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo

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

A) Conservation of energy

i) The steps taken or impact on conservation of energy

- In Admin Block Extra using of ACs at non-working time

  Saving = 12212 Units for the year @ ₹ 8/- per unit = ₹ 97,696/-
- R&D and Sales Block conventional high consumption lights Replacement With LED

  Saving = 3516 Unitsfor the year @ ₹ 8/- per unit = ₹ 28,128/-
- Moulding Electrical Batch Oven transition to PNG heating source

  Saving = 38241 unitsfor the year @ ₹ 8/- per unit = ₹ 3,05,928/-
- High consumption of Compressed Air in Air Gun at VCM

  Saving = 10066 unitsfor the year @ ₹ 8/- per unit = ₹ 80,528/-

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

- Improvement on Submersible Pump, Pump change with having number of impeller increase and now water flow of submersible pump increased.

  Saving = 27140 units for the year @ ₹ 8/- per unit = ₹ 2,17,120/-
- Lean Manufacturing SAC Area Centralization Machine Shifting, Area up gradation, space saving, Energy saving

  Saving = 86667 units for the year @ ₹ 8/- per unit = ₹ 6,93,336/-
- For Hero Line New roller conveyor slitting machine Made in-house which reduce manpower, process time & power saving

  Saving = 12500 units for the year @ ₹ 8/- per unit = ₹ 1,00,000/-

iii) The capital investment on energy conservation equipment

₹ 18.00 lacs.

B) Technology absorption

i) The efforts made towards technology absorption

- Introduced MLS Cyl. Head gasket with Post Coating Technology through Technical Assistance Agreement with Sanwa Packing Industry of Japan.
- Developing Light Weight Heat Shield Technologies with NVH features through Technical Assistance Agreement with Sanwa.
- Installed state of the art heat shield manufacturing facility.
- Developing high performance sealing technologies and materials to meet the requirement of new generation BS VI engines.
- Developed new gasket technologies like Cover Gasket Integrated with Injector Wiring Harnesses.

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

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

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

(i) The details of technology imported - Technology for Manufacture of Heat-Shield and Post Coating

(ii) The year of import – 2011

(iii) Whether the technology been fully absorbed – As our Heat Shield and Post Coating project has been set up, the technology absorption is happening.

(iv) If not fully absorbed areas where absorption has not taken place and the reasons thereof, and - NA

(v) the expenditure incurred on Research and Development - ₹ 232.22 Lacs

(C) Foreign exchange earnings and Outgo:

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

PARTICULARS	2019-20 (₹ in Lacs)	2018-19 (₹ in Lacs)
Foreign Exchange Earnings	9239.01	10347.65
Foreign Exchange Outgo (Imports)	6014.89	10369.72

PARTICULARS AS PER FORM A (APPLICABLE FOR FORGING DIVISION ONLY)

PARTICULARS	Current year 2019-20 ₹ in Lacs	Previous Year 2018-19 ₹ in Lacs
Power & Fuel Consumption		
1. Electricity		
a) Own Generation		
Through Captive Power Plant (HFO Based)		
LSHS Oil ₹/Litre	39.80	39.13
Furnace Oil ₹/Litre	-	-
HSD Oil ₹/Litre	64.81	68.24
Unit (KHW in lacs)	0.91	1.59
Total amount (In ₹)	22.11	29.85
Cost ₹/Unit	24.30	18.77
b) Purchased from DHBVNL		
Unit Consumed (In Lacs)	145.87	174.96
Total Amount (In Lacs)	1149.71	1347.61
Cost ₹ /Unit	7.88	7.70

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

ANNEXURE VII

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

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	- Ratio of the remuneration of Mr. Umesh Talwar to the median remuneration of the employees - 48:1 - Ratio of the remuneration of Mr. Anuj Talwar -41:1
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	- Mr. Umesh Talwar –(2.28)% - Mr. Anuj Talwar –(2.28)% - Mr. Manish Khanna(CFO) – (3.08%) - Mrs.Seema Narang (CS)– (9.92%)
(iii)	Percentage increase in the median remuneration of employees in the financial year.	4.77%
(iv)	Number of permanent employees on the rolls of company	560
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 7.02%. There was no increase in the remuneration of the managerial remuneration during the year.
(vi)	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The remuneration paid to employees is as per the remuneration policy of the company.

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

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

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

Sl.	Name	Designation	Remuneration (in ₹)	Nature of Employment	Qualifications	Experience (in years)	Date of commencement of employment	Age (in years)	Last employment held	Whether relative of any director or manager
1	Vivek Singh	President	54,98,818	Permanent	PPGDM, Finance & IT / B. E Mechanical	22	15.07.2019	45	AVTEC Limited	No
2	Suresh Kumar Sharma	President	52,75,544	Permanent	M.B.A and Mechanical Engineering	34	02.02.2016	55	Omax Auto	No
3	Ajay Singh	Vice President	33,10,598	Permanent	B.E.	31	18.05.1991	55	Tele Tubes	No
4	Manish Khanna	Chief Financial Officer	29,72,945	Permanent	C.A.	23	15.06.2016	49	Lee Boy	No
5	Sanjeev Sharma	G.M	27,18,811	Permanent	D.Mech. Engg.	29	07.05.2019	50	Sunstar	No
6	Abhishek Sharma	G.M	22,15,145	Permanent	M.B.A.	20	17.07.2017	42	Steel Strips	No
7	Nene PranjalPrabhakar	C.G.M	20,00,929	Permanent	DME , DBM	37	01.10.2011	56	L & T	No
8	Bhaskar Kumar	G.M	18,07,720	Permanent	Diploma	26	05.03.2018	49	Minda	No
9	SushantSindwani	D.G.M	18,63,491	Permanent	M.B.A.	20	02.06.2014	43	Escorts	No
10	S C Shukla	G.M	17,99,346	Permanent	Diploma	34	02.11.1992	57	Shree Ram Needle	No

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

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

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

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

ANNEXURE VIII

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L29199HR1956PLC033107
ii)	Registration Date	:	08/09/1956
iii)	Name of the Company	:	Talbros Automotive Components Limited
iv)	Category/ Sub-Categoryof the Company	:	Company limited by shares Public non-government company
v)	Address of the Registered office and contact details	:	14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad Haryana- 121003, India Contact - +91 129 2251482
vi)	Whether listed company Yes/ No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	KFIN Technologies Private Limited (Formerly KarvyFintech Private Limited) Selenium Tower- B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500008 Contact Person: Mr. Rajeev Kumar

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacturing of Gaskets	28199	66.37%
2.	Manufacturing of Forgings	25910	33.63%

III. PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES –

S. No.	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held in the company	Applicable Section
1.	**Nippon Leakless Talbros Pvt Ltd.** 302, 3rd Floor, Eros Corporate Park, IMT Manesar, Gurugram- 122050, Haryana	U29199HR2005PTC035653	Joint Venture	40.00	2(6) of Companies Act, 2013
2.	**Magneti Marelli Talbros Chassis Systems Pvt Ltd** 14/1, Mathura Road, Faridabad- 121003, Haryana	U34300HR2012PTC044985	Joint Venture	50.00	2(6) of Companies Act, 2013
3.	**Talbros Marugo Rubber Pvt Ltd.** 14/1, Mathura Road, Faridabad- 121003, Haryana	U25200HR2012PTC046820	Joint Venture	50.00 (less one share)	2(6) of Companies Act, 2013
4.	**Talbros International Pvt. Ltd.** 400, Udyog Vihar, Phase-III, Gurugram- 122016, Haryana	U31909HR1980PTC010226	Associate	20.25	2(6) of Companies Act, 2013
5.	**QH Talbros Pvt. Ltd.*** 400, Udyog Vihar, Phase-III, Gurugram- 122016, Haryana	U34102HR2014PTC052479	Associate	5.83	2(6) of Companies Act, 2013

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

ANNEXURE VIII

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2019)				No. of Shares held at the end of the year (31st March, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1880840	0	1880840	15.23	1918440	0	1918440	15.54	0.31
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	5110350	0	5110350	41.39	5261597	0	5261597	42.62	1.23
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other.	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	**6991190**	**0**	**6991190**	**56.63**	**7180037**	**0**	**7180037**	**58.16**	**1.53**
(2) Foreign	0	0	0	0.00	0	0	0	0.00	0.00
a)NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other.	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**6991190**	**0**	**6991190**	**56.63**	**7180037**	**0**	**7180037**	**58.16**	**1.53**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	10022	2625	12647	0.10	743	1750	2493	0.02	(0.08)
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	226967	0	226967	1.84	179702	0	179702	1.46	(0.38)
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h)Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)– Foreign Portfolio Investors	13770	0	13770	0.11	1500	0	1500	0.01	(0.10)
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
FCB	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	**250759**	**2625**	**253384**	**2.05**	**181945**	**1750**	**183695**	**1.49**	**(0.56)**
2. Non-Institutions									
a) Bodies Corp.	502046	6022	508068	4.12	476776	6018	482794	3.91	(0.20)
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lacs	3437587	188523	3626110	29.37	3405270	162187	3567457	28.90	(0.48)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lacs	613218	0	613218	4.97	565051	0	565051	4.58	(0.39)

ANNEXURE VIII

Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2019)				No. of Shares held at the end of the year (31st March, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Non Resident Indians	215021	36428	251449	2.04	219068	36428	255496	2.07	0.03
Clearing Members	11306	0	11306	0.09	6090	0	6090	0.05	(0.04)
Trusts	140	0	140	0.00	673	0	673	0.01	0.00
NBFCs registered with RBI	1000	0	1000	0.01	1000	0	1000	0.01	0.00
IEPF	89765	0	89765	0.73	103337	0	103337	0.84	0.11
Sub-total (B)(2):-	**4870083**	**230973**	**5101056**	**41.32**	**4777265**	**204633**	**4981898**	**40.35**	**(0.97)**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	**5120842**	**233598**	**5354440**	**43.37**	**4959210**	**206383**	**5165593**	**41.84**	**(1.53)**
c) Shares held by Custodian for GDRs & ADRs	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Grand Total (A+B+C)	**12112032**	**233598**	**12345630**	**100.00**	**12139247**	**206383**	**12345630**	**100.00**	**0.00**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April, 2019)			Shareholding at the end of the year (31st March, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1.	Mr. Umesh Talwar	431906	3.50	0.00	431906	3.50	0.00	0.00
2.	Mr. Naresh Talwar	422299	3.42	0.00	459899	3.73	0.00	0.31
	Total	**854205**	**6.92**	**0.00**	**891805**	**7.23**	**0.00**	**0.31**

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

Mr. Naresh Talwar acquired 37600 shares through Market Trade during the year.

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

Sl. No.	Name	Shareholding*		Increase/ Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01.04.2019)/ end of the year (31.03.2020)	% of total shares of the company			No. of shares	% of total shares of the company
1.	**Talbros International Pvt. Ltd.**	5110350	41.39	151247	Market Buy	5261597	42.62
		5261597	42.62				
2.	**Kumkum Talwar**	450079	3.65	-	Nil movement during the year	450079	3.65
		450079	3.65				
3.	**Bimpi Talwar**	341197	2.76	-	Nil movement during the year	341197	2.76
		341197	2.76				
4.	**General Insurance Corporation of India**	226967	1.84	(47265)	Market Sale	179702	1.46
		179702	1.46				
5.	**Sanjeev Vinodchandra Parekh**	142681	1.16	-	Nil movement during the year	142681	1.16
		142681	1.16				

ANNEXURE VIII

Sl. No.	Name	Shareholding*		Increase/ Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01.04.2019)/ end of the year (31.03.2020)	% of total shares of the company			No. of shares	% of total shares of the company
6.	**Gyan Enterprises Pvt. Ltd.**	136111	1.1	-	Nil movement during the year	136111	1.1
		136111	1.1				
7.	**Investor Education And Protection Fund Authority**	89765	0.73	13572	Transfer to IEPF Authority (14416 shares)/ Released to claimant shareholders (844 shares)	103337	0.84
		103337	0.84				
8.	**Vikrant Maloo**	59500	0.48	7500	Market Buy	67000	0.54
		67000	0.54				
9.	**Ashok Kumar Lodha**	60000	0.49	-	Nil movement during the year	60000	0.49
		60000	0.49				
10.	**HafeezSorab Contractor**	59000	0.48	-	Nil movement during the year	59000	0.48
		59000	0.48				

**The shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding has not been specified.*

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01.04.2019)/ end of the year (31st March, 2020)	% of total shares of the company		No. of shares	% of total shares of the company
1	**Naresh Talwar** Chairman	422299	3.42	Increase	459899	3.73
		459899	3.73			
2.	**Umesh Talwar** Vice Chairman & Managing Director	431906	3.50	Nil movement during the year	431906	3.50
		431906				
3.	**Varun Talwar** Jt. Managing Director	17985	0.15	Nil movement during the year	17985	0.15
		17985				
4.	**Vidur Talwar** Director	16176	0.13	Nil movement during the year	16176	0.13
		16176				
5.	**Anuj Talwar** Jt. Managing Director	62851	0.51	Nil movement during the year	62851	0.51
		62851				
6.	**Navin Juneja** Director	1453	0.01	Nil movement during the year	1453	0.01
		1453				
7.	**Amit Burman** Director	2627	0.02	Nil movement during the year	2627	0.02
		2627				

1 Note: Mr. A.K Mehra, Mr. Rajeev Ranjan Vederah, Mr. VMohan, Mrs. Priyanka Gulati and Mr. Ajay Kumar Vij, Independent Directors, Mr. Manish Khanna, CFO and Mrs. Seema Narang, Company Secretary of the Company did not hold any shares of the Company during the Financial Year 2019-20.Mr. Rajeev Ranjan Vederah has resigned from the Board w.e.f 16th June, 2020.

ANNEXURE VIII

V. INDEBTEDNESS

Indebtedness of the Company for the financial year 2019-20 including interest outstanding/ accrued but not due for payment is as under.

(Amt in ₹)

	Secured Loans (Long Term)	Secured Loans (Short Term)	Unsecured Loans (Short Term)	Deposits (Long term)	Deposits (Short Term)	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount	38,58,32,414.00	88,41,19,008.00	15,00,00,000.00	4,22,82,256.00	1,00,00,000.00	1,47,22,33,678.00
ii) Interest due but not paid	47,566.00	41,05,541.05	-	-	-	41,53,107.05
iii) Interest accrued but not due	13,32,150.32	17,69,632.35	5,22,533.47	54,35,428.00	-	90,59,744.14
Total (i+ii+iii)	**38,72,12,130.32**	**89,99,94,181.40**	**15,05,22,533.47**	**4,77,17,684.00**	**1,00,00,000.00**	**1,48,54,46,529.19**
Change in Indebtedness during the financial year						
• Addition	6,28,73,971.00	11,89,61,393.00	-	-	-	18,18,35,364.00
• Reduction	13,70,67,587.00	-	-	3,02,65,256.00	-	16,73,32,843.00
Net Change	**(7,41,93,616.00)**	**11,89,61,393.00**	**-**	**(3,02,65,256.00)**	**-**	**1,45,02,521.00**
Indebtedness at the end of the financial year						
i) Principal Amount	31,16,38,798.00	1,00,30,80,401.00	15,00,00,000.00	1,20,17,000.00	1,00,00,000.00	1,48,67,36,199.00
ii) Interest due but not paid	3,88,417.09	12,79,304.54	-	71,129.00	-	17,38,850.63
iii) Interest accrued but not due	11,57,539.38	29,46,243.33	4,98,200.61	17,39,048.00	-	63,41,031.32
Total (i+ii+iii)	**31,31,84,754.47**	**1,00,73,05,948.87**	**15,04,98,200.61**	**1,38,27,177.00**	**1,00,00,000.00**	**1,49,48,16,080.95**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager during FY 2019-20:

S. no.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount (In ₹)
		Mr. Umesh Talwar	Mr. Anuj Talwar	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,50,29,372	1,28,59,427	**2,78,88,799**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9,10,800	7,91,340	**17,02,140**
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	**-**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Commission - as % of profit - Others, specify.	-	-	**-**
5.	Others, please specify Provident Fund, Superannuation fund	11,60,893	1,007,730	**2,168,623**
	Total (A)	**1,71,01,065**	**14,658,497**	**31,759,562**
Ceiling as per the Act		10% of Net Profit from all Executive Directors-Managing and Whole-time Directors		
		5% of Net Profit to anyone Managing or Whole-time Directors		
		Ceilings as above not to apply where the remuneration of Whole-time Directors has been approved by the members by way of a Special Resolution.		

ANNEXURE VIII

B. Remuneration to other directors during FY 2019-20:

Particulars of Remuneration	Name of Directors							Total Amount (In ₹)
	Mr. Navin Juneja	Mr. V Mohan	Mr. A. K Mehra	Mr. Amit Burman	Mr. R.R Vederah*	Mrs. Priyanka Gulati	Mr. Ajay Kumar Vij	
	Non-Executive Non-Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	
• Fee for attending board &committee meetings	1,50,000	1,80,000	2,10,000	1,20,000	1,20,000	1,65,000	1,20,000	10,65,000
• Commission	-	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-	-
Total Managerial Remuneration	**1,50,000**	**1,80,000**	**2,10,000**	**1,20,000**	**1,20,000**	**1,65,000**	**1,20,000**	**10,65,000**
Overall Ceiling as per the Act	The Company only paid sitting fees to Non-executive and Independent directors and the amount of sitting fees are within the maximum prescribed limits as per the Act.							

**Resigned from the Board w.e.f 16th June, 2020*

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD during FY 2019-20.

S. no.	Particulars of Remuneration	Name of MD/ WTD/ Manager		
		Mr. Manish Khanna (Chief Financial Officer)	**Mrs. Seema Narang** (Company Secretary)	**Total Amount (In ₹)**
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,23,398	23,46,210	**57,69,608**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,04,000	-	**2,04,000**
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	**-**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Commission - as % of profit - Others, specify.	-	-	**-**
5.	Others, please specify Provident Fund, Superannuation fund	1,75,643	2,45,615	**4,21,258**
	Total (A)	**38,03,041**	**25,91,825**	**63,94,866**

ANNEXURE VIII

VII. Penalties/punishment/compounding of offences

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

S. no.	Name of Stock Exchange	Particulars of non-compliance	Amount of Penalty (in ₹)	Date of payment of fine
1.	BSE Limited (BSE)	*Regulation 17(1) – Non-compliance with the requirements pertaining to composition of the Board of Directors.* *One Independent Director of the Company had passed away and a new Independent Director was required to be appointed by the Company.*	5,900/-	15th May, 2019
2.	National Stock Exchange of India Limited (NSE)		5,900/-	8th May, 2019

For and on behalf of the Board

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

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

Place: Gurugram
Date: 29th June, 2020

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and adherence to these ethical standards has set a culture in the Company wherein good Corporate Governance underlines interface with all stakeholders. The Company believes in adopting the best practices in the areas of Corporate Governance. Even in a tough competitive business environment, the Management and Employees of the Company are committed to value transparency, integrity, honesty and accountability which are fundamental core values of Corporate Governance.

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

2. BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2020, the Board of Directors comprised of Twelve (12) Directors – Two (2) Executive Directors and Ten (10) Non- Executive Directors out of which Six (6) Directors are Independent.

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

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

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

None of the Directors serve as Independent Director in more than seven listed companies as per the requirement of Regulation 17A of SEBI (LODR) Regulations, 2015. It is also confirmed that in the opinion of the Board, all the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

The necessary disclosures regarding other directorships and committee positions have been made by the Directors confirming that none of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director (as specified in Regulation 26 of SEBI (LODR) Regulations, 2015.

Relationship between Directors, inter-se

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

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

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

Number of shares held by directors as on 31st March, 2020

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

Name of Director	No. of Shares held
Mr. Naresh Talwar	4,59,899
Mr. Vidur Talwar	16,176
Mr. Navin Juneja	1,453
Mr. Amit Burman	2,627
Mr. Varun Talwar	17,985

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

Name of Director	No. of Shares held
Mr. Umesh Talwar	4,31,906
Mr. Anuj Talwar	62,851

Meetings and Attendance

During the year ended 31st March, 2020 five meetings of the Board of Directors were held on the following dates:

(i) 4th May, 2019 (ii) 29th May, 2019 (iii) 13th August, 2019 (iv) 14th November, 2019 (v) 13th February, 2020

The 62nd Annual General Meeting (AGM) was held on 25th September, 2019.

Report on Corporate Governance (Contd.)

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

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the Last AGM
Mr. Naresh Talwar, (Chairman)	Promoter, Non Executive	3	No
Mr. Umesh Talwar, (Vice Chairman and Managing Director)	Promoter,Executive	5	Yes
Mr. Varun Talwar, (Joint Managing Director)	Non- Executive Non- Independent	5	No
Mr. Anuj Talwar, (Joint Managing Director)	Non- Executive Non- Independent	5	Yes
Mr. Vidur Talwar	Non- Executive Non- Independent	3	No
Mr. Navin Juneja	Non- Executive Non- Independent	5	Yes
Mr. Anil Kumar Mehra	Non-Executive & Independent	5	No
Mr. V. Mohan	Non-Executive & Independent	4	Yes
Mr. Amit Burman	Non-Executive & Independent	3	No
Mr. R. R. Vederah*	Non-Executive & Independent	4	No
Ms. Priyanka Gulati	Non-Executive & Independent	4	No
Mr. Ajay Kumar Vij	Non-Executive & Independent	4	No
Mr. Tarun Singhal#	Non-Executive & Independent	N.A.	N.A

**Resignation w.e.f 16th June, 2020*
#Appointed as Additional Director w.e.f 18th June, 2020.

Separate Meeting of Independent Directors

In terms of the requirements of Section 149(8) of the Companies Act, 2013 read with Schedule IV thereto, a separate meeting of the Independent Directors without the attendance of non-independent directors and members of the management was held on 13th February, 2020 to review performance of Non-Independent Directors and the Board as a whole and also performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of the flow of information between the Company management and the Board.

The meeting was attended by all Independent Directors.

Directorships/Committee positions held by the Directors

Details of Directorships/Committee positions held by the Directors as on 31st March, 2020 in Indian Listed Companies are as follows:

Report on Corporate Governance (Contd.)

Name of the Directors	Number of Directorships and Committee Memberships/ Chairmanships as on 31st March, 2020			Directorships in Listed Companies		Skill and Area of Expertise
	Other Directorship##	Committee Memberships#	Committee Chairmanship#	Name of the Company	Category	
Mr. Naresh Talwar, (Chairman)	-	-	-	-	-	Automotive Components Industry
Mr. Umesh Talwar, (Vice Chairman & Managing Director)	-	-	-	-	-	Automotive Components Industry
Mr. Varun Talwar, (Joint Managing Director)	-	-	-	-	-	IT Sector, Auto Components and Health Care Industry
Mr. Anuj Talwar, (Joint Managing Director)	-	-	-	-	-	Corporate Finance, Credit Analysis and Auto Industry
Mr. Vidur Talwar	-	-	-	-	-	Automotive Components Industry
Mr. Navin Juneja	-	-	-	-	-	Financial Management, Corporate Planning, Accounting and Strategic Planning
Mr. Anil Kumar Mehra	3	-	-	-	-	Finance
Mr. V. Mohan	1	1	1	Vascon Engineers Limited	Independent & Non-Executive Director	Finance
Mr. Amit Burman	2	1	-	Dabur India Limited	Non-Executive Director	Management and Healthcare Industry
Mr. R. R. Vederah*	4	-	2	Ballarpur Industries Limited	Independent & Non-Executive Director	Paper Industry and Corporate Management
Ms. Priyanka Gulati	1	-	-	-	-	Management Consulting and Entrepreneurship
Mr. Ajay Kumar Vij	1	-	-	-	-	Healthcare Industry
Mr. Tarun Singhal#	-	-	-	-	-	Auto Industry

** Resignation w.e.f 16th June, 2020*

#Appointment as Additional Director w.e,f 18th June, 2020.

Notes:

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

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

Report on Corporate Governance (Contd.)

3. COMMITTEES OF THE BOARD

(i) Audit Committee

Audit Committee has been constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with The Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI (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 Part C of Schedule II to the 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 September 25, 2019 to address the shareholders' queries pertaining to financial statements of the Company.

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

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

Company Secretary acts as Secretary to the Committee.

During the year ended 31st March, 2020, four meetings of the Audit Committee were held on the following dates:

(i) 29th May, 2019 (ii) 13th August, 2019 (iii) 14th November, 2019 (iv) 13th February, 2020.

The attendance of each Audit Committee Member is as under:

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

(ii) Nomination & Remuneration Committee

Nomination & Remuneration Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of the SEBI (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 Part D of Schedule II to the 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, one meeting of the Nomination & Remuneration Committee was held on 13th February, 2020. The detail of attendance of each Committee Member is as under:

Name of Director	No. of meetings attended
Mr.Anil Kumar Mehra,Chairman	1
Mr. V. Mohan, Member	1
Mr. Amit Burman, Member	1

Performance Evaluation

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

Report on Corporate Governance (Contd.)

Details of Remuneration paid to Directors during the year ended 31st March, 2020

(Amt in ₹)

S. No	Name of the Director	Basic Salary	House Rent Allowance	Provident Fund Contribution	Perquisites	Superannuation Fund	Total
1.	Mr. Umesh Talwar	88,40,807	61,88,565	10,60,896.84	9,10,800	99,996	1,71,01,064.84
2.	Mr. Anuj Talwar	75,64,452	52,94,975	9,07,734.24	7,91,340	99,996	1,46,58,497.24
Total		**1,64,05,259**	**1,14,83,540**	**19,68,631.08**	**17,02,140**	**1,99,992**	**3,17,59,562.08**

Other terms and conditions:

Name of Director	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

**The items relating to the re-appointment of Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Anuj Talwar, Joint Managing Director for a further period of 3 years are on the notice of the 63rd Annual General Meeting of the members of the Company. The same have been recommended by the Board of Directors taking into consideration the recommendation of the Nomination and Remuneration Committee.*

Non-Executive Directors

The Non-Executive Independent Directors are paid sitting fee of ₹ 30,000/- for attending 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 2019-20 is tabled below:

Name of Non-Executive Director	Sitting Fee (In ₹)
Mr. A.K. Mehra	2,10,000
Mr. V Mohan	1,80,000
Mr. Amit Burman	1,20,000
Mr. Navin Juneja	1,50,000
Mr. Rajeev Ranjan Vederah*	1,20,000
Ms.Priyanka Gulati	1,65,000
Mr. Ajay Kumar Vij	1,20,000
Total	**10,65,000**

**Resignation w.e.f 16th June, 2020.*

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

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

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

(iii) Stakeholders' Relationship Committee

Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 of the SEBI (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. Mr. Navin Junejais the Chairman of the Committee.

During the year ended 31st March, 2020, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

(i) 29th May, 2019 (ii) 13th August, 2019 (iii) 14th November, 2019 (iv) 13th February, 2020

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

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

**Cessation from the Committee w.e.f 13th August, 2019*
***Appointment to the Committee w.e.f 13th August, 2019*

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	42
Number of Shareholders Complaints solved to the satisfaction of Shareholders	42
Number of Shareholders Complaints pending as on 31.03. 2020	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 13th February, 2020. 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	2016-17	2017-18	2018-19
Venue	Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) SaraiKhwaja, Faridabad -121003, Haryana	Hotel Atrium, Shooting Range Road, SurajKund, Faridabad-121001, Haryana	Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) SaraiKhwaja, Faridabad -121003, Haryana
Date and Time	26th September, 2017 (Tuesday), 10.30 A.M.	25th September, 2018 (Tuesday), 10.30 A.M.	25th September, 2019 (Wednesday), 10.30 A.M.

Report on Corporate Governance (Contd.)

Financial Year	2016-17	2017-18	2018-19
Special Resolutions Passed	1. Re- appointment of Mr. Umesh Talwar (DIN: 00059271), Vice Chairman & Managing Director, with effect from 1st April 1, 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.	None

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

POSTAL BALLOT

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

5. MEANS OF COMMUNICATION

a) Quarterly Results: The quarterly, half-yearly and annual financial results of the Company are submitted to the 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.talbros.com

b) Company's Website (www.talbros.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.talbros.com is a comprehensive reference on Talbros's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, presentations made to institutional investors or to the analysts registrars, 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.talbros.com.

6. GENERAL SHAREHOLDER INFORMATION

(i) 63rd Annual General Meeting

The 63rd Annual General Meeting will be held on 25th September, 2020 through video conferencing/ other audio-visual means.

(ii) Financial Year

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

(iii) Book Closure Date

The period of book closure for the purpose of AGM and payment of Dividend for F.Y. 2019-20 is from 17th September, 2020 to 25th September, 2020 (both days inclusive).

Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2020	mid of August, 2020
July – September 2020	mid of November 2020
October – December 2020	mid of February 2021
January – March 2021	4th week of May 2021

(iv) Dividend Payment Date

The Board has recommended a dividend of 5% on the paid-up equity share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend, if approved by the shareholders, shall be paid to all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of declaration.

(v) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on the BSE Limited and National Stock Exchange of India Ltd. The annual listing fee due to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the year 2020-21 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

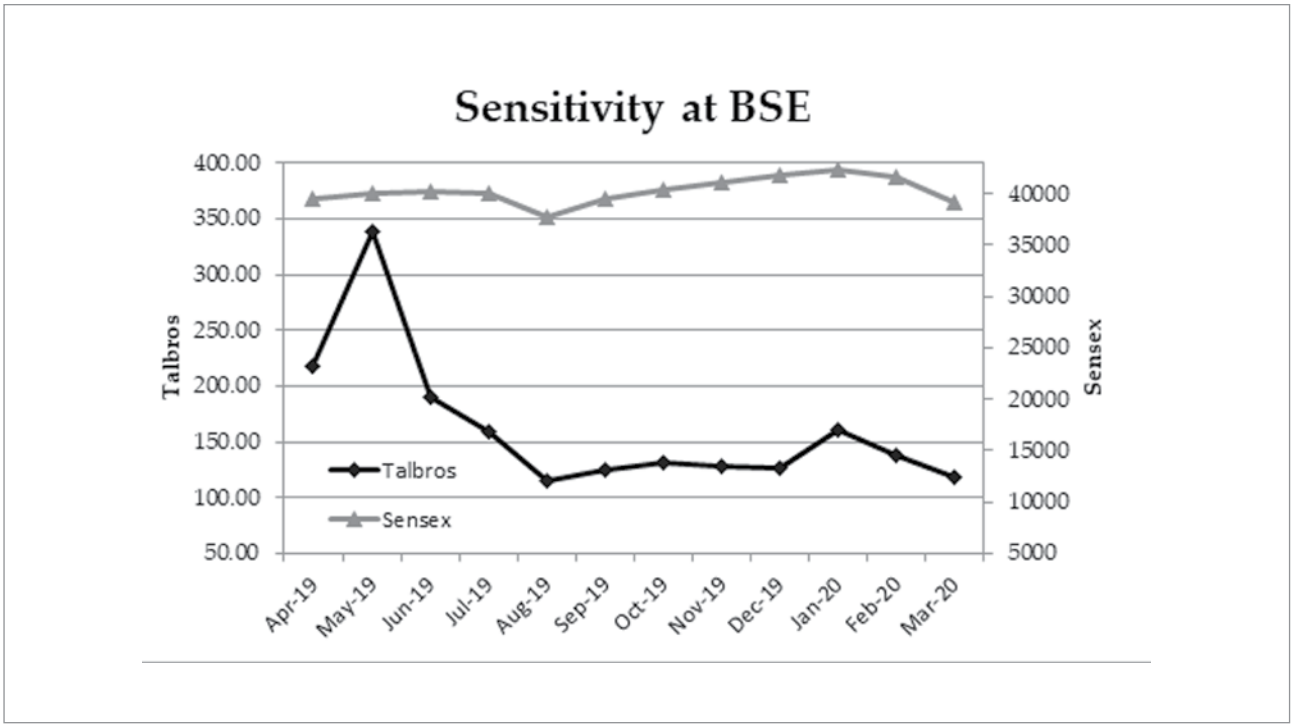
Months	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-19	218.30	164.20	219.00	191.50
May-19	338.10	162.00	199.00	167.35
Jun-19	190.00	150.00	189.65	146.95
Jul-19	158.75	102.00	166.70	100.80
Aug-19	115.00	97.05	122.20	95.50
Sep-19	125.00	102.05	126.00	104.05
Oct-19	132.00	103.00	133.00	101.70
Nov-19	128.35	108.55	132.00	108.55
Dec-19	127.00	108.15	125.90	107.45
Jan-20	161.20	116.15	162.25	117.20
Feb-20	138.00	107.10	138.00	106.60
Mar-20	119.05	62.05	116.65	64.75

Report on Corporate Governance (Contd.)

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

BSE SENSEX

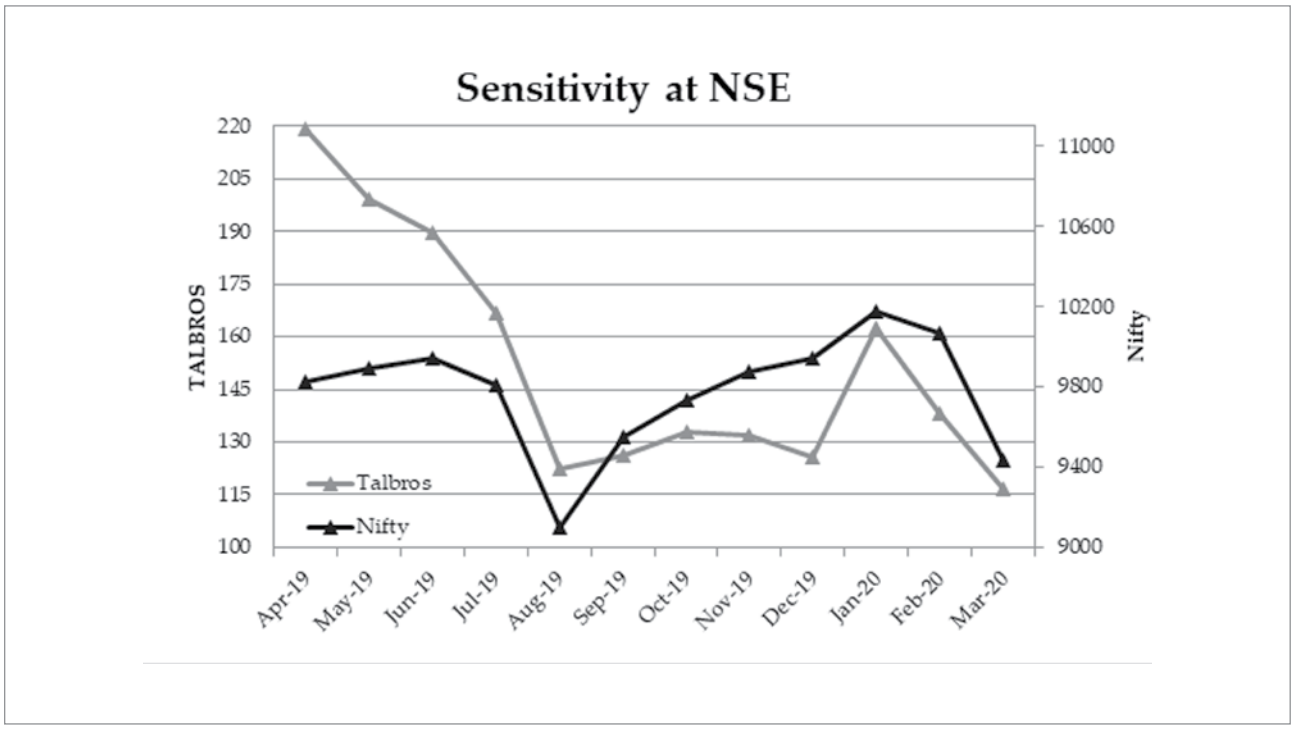
Months	Share Price		Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-19	218.30	164.20	39487.45	38460.25
May-19	338.10	162.00	40124.96	36956.10
Jun-19	190.00	150.00	40312.07	38870.96
Jul-19	158.75	102.00	40032.41	37128.26
Aug-19	115.00	97.05	37807.55	36102.35
Sep-19	125.00	102.05	39441.12	35987.80
Oct-19	132.00	103.00	40392.22	37415.83
Nov-19	128.35	108.55	41163.79	40014.23
Dec-19	127.00	108.15	41809.96	40135.37
Jan-20	161.20	116.15	42273.87	40476.55
Feb-20	138.00	107.10	41709.30	38219.97
Mar-20	119.05	62.05	39083.17	25638.90



Report on Corporate Governance (Contd.)

NIFTY

Months	Share Price		Nifty	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-19	219.00	191.50	9826.45	9577.00
May-19	199.00	167.35	9889.30	9108.45
Jun-19	189.65	146.95	9941.45	9476.10
Jul-19	166.70	100.80	9805.30	8928.00
Aug-19	122.20	95.50	9103.10	8628.35
Sep-19	126.00	104.05	9552.25	8738.65
Oct-19	133.00	101.70	9733.35	9008.85
Nov-19	132.00	108.55	9874.90	9596.85
Dec-19	125.90	107.45	9946.05	9574.85
Jan-20	162.25	117.20	10174.95	9700.35
Feb-20	138.00	106.60	10071.70	9214.10
Mar-20	116.65	64.75	9436.50	6151.60



Report on Corporate Governance (Contd.)

(viii) Registrar & Transfer Agent

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

M/s KFIN Technologies Private Ltd.,

Unit: Talbros Automotive Components Ltd.,

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

Financial District, Gachibowli, Nanakramguda, Serilingampally

Hyderabad 500 008, India

Email: rajeev.kr@kfintech.com

Website:https://www.kfintech.com

(ix) Share Transfer System

The equity shares of the Company are compulsorily traded in Demat form. Systems are in place to ensure that requests for transfer of shares 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, 2020

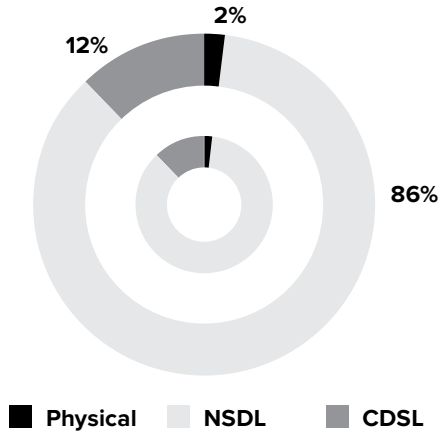
Category (Amount)		No. of Shareholders			
From	**To**	**Number**	**% Total**	**Number**	**% Total**
1	5000	18188	93.14	1610910	13.05
5001	10000	685	3.51	542945	4.40
10001	20000	330	1.69	491015	3.98
20001	30000	119	0.61	297607	2.41
30001	40000	63	0.32	223816	1.81
40001	50000	41	0.21	195148	1.58
500001	100000	48	0.25	341184	2.76
100001	Above	52	0.27	8643005	70.01
Total		**19526**	**100.00**	**12345630**	**100.00**

(xi) Dematerialization of Shares and Liquidity as on 31st March, 2020

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, 2020 is as follows:

Category	No. of shareholders	No. of Equity Shares	% of Capital
Physical	1886	206383	1.68
NSDL	11639	10586931	85.75
CDSL	6001	1552316	12.57
Total	**19526**	**12345630**	**100.00**



(xii) Outstanding Stock Option

There are no outstanding warrants or any convertible instruments as on 31st March, 2020.

(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

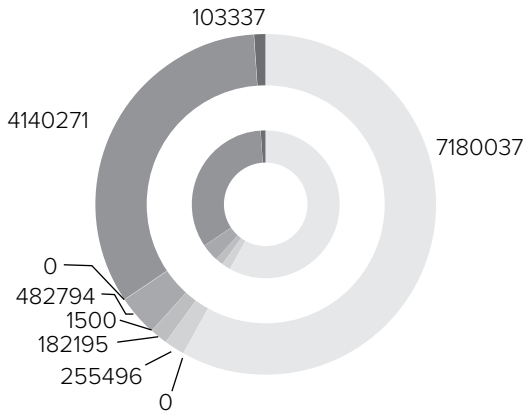
For all matters relating to investor relations please contact:

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

Report on Corporate Governance (Contd.)

(xv) Shareholding Pattern as on 31st March, 2020

Category	No. of Shares	% to equity
Promoters	7180037	58.16
Mutual Funds	-	-
Non Resident Indians	255496	2.07
Banks, Financial Institutions & Insurance Companies	182195	1.48
Foreign Institutional Investors/ Foreign Financial Institutions	1500	0.01
Bodies Corporate	482794	3.91
Central Government/ State Government	-	-
Public	4140271	33.53
IEPF	103337	0.84
Total	**12345630**	**100.00**



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

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

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

(xvii) Reconciliation of Share Capital Audit

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

(xviii) Unclaimed Dividends

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

Year	Date of Declaration	Due date for transfer
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
2018-19	25.09.2019	23.10.2026

Members who have not encashed their dividend warrants so far in respect of dividend 2012-13 are requested to have the same revalidated to encash and avoid transfer to IEPF as being requested separately by the Company.

Nomination

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

7. OTHER DISCLOSURES

Related Party Transactions

All transactions with Related Parties during the financial year ended 31st March, 2020 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/

Familiarization Programme

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

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

Credit ratings obtained by the Company

Company's credit ratings were revised on 3rd April, 2020, which is mentioned as below:

Facilities	Amount (₹ Crores)	Rating
Long term Bank Facilities	140.18 (reduced from 140.95)	CARE A-; Stable (Single A Minus; Outlook: Stable)
Short term Bank Facilities	35 (reduced from 45 cr)	CARE A2+ (A Two Plus)
Medium Term Instrument (Fixed Deposit)	10	CARE A- (FD); Stable Single A Minus (FixedDeposits); 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. The said certificate forms a part of this report.

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, 2020.

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 and when required.

Compliances by the Company

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

(a) Corporate governance requirement as specified under Point C of Schedule V of the SEBI (LODR) Regulations, 2015

Report on Corporate Governance (Contd.)

(b) Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) of the SEBI (LODR) Regulations, 2015, as applicable

(c) 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 during the previous financial year regarding non-compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015 pertaining to the composition of the Board.

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

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 Harassment at Workplace

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

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

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

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2020

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 (Listing Obligations and Disclosure Requirements) 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.

Certificate of Non-Disqualification of Directors

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

S. No	Name of Director	DIN	Date of appointment
1	Mr. Naresh Talwar	00059155	15/07/2001
2	Mr. Umesh Talwar	00059271	18/04/2000
3	Mr. Varun Talwar	00263984	14/08/2008
4	Mr. Vidur Talwar	00114643	12/02/2015
5	Mr. Anuj Talwar	00628063	14/08/2012
6	Mr. Navin Juneja	00094520	12/11/2010
7	Mr V Mohan	00071517	31/01/2004
8	Mr. Anil Kumar Mehra	00004654	31/01/2004
9	Mr. Rajeev Ranjan Vederah*	00012252	13/02/2013
10	Mr. Amit Burman	00042050	25/06/2008
11	Mr. Ajay Kumar Vij	00164984	02/01/2019
12	Mrs. Priyanka Gulati	07087707	25/05/2018
13	Mr. Tarun Singhal#	07056960	18/06/2020

*Resigned w.e.f 16th June, 2020.
#Appointment w.e.f 18th June,2020.

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

Kiran Sharma & Co.,
Company Secretaries

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

Place: New Delhi
Date: 24th June, 2020

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, 2020.

For **Talbros Automotive Components Ltd.**
Company Secretaries

Sd/-
Umesh Talwar
Vice Chairman & Managing Director
DIN:00059271
152, MalchaMarg, Diplomatic Enclave,
New Delhi-110021

Place: Gurugram
Date: 29th June, 2020

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

To

The Members of Talbros Automotive Components Limited

1. Based on the engagement by the management of Talbros Automotive Components Limited ('the Company'), we have examined the details of the compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2020, 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, 2019 to 31st March, 2020.

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, 2019 to 31st March, 2020. 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, 2020.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the mentioned Listing Regulations above. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and 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. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

RESTRICTION ON USE

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

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

Place: New Delhi
Date: 29th June, 2020
UDIN-20505002AAAAGU5092

Sd/-
Akhil Bhalla

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

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

A. We have reviewed the audited financial statements of the Company for the financial year ended 31st March, 2020 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 year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there were no deficiencies in the design or operation of internal control which came to our notice.

D. We have indicated to the auditors and the Audit committee:
   1. significant changes in internal control over financial reporting during the year;
   2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3. there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurugram
Date: 29th June, 2020

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

Sd/-
Manish Khanna
Chief Financial Officer

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, 2020, 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, 2020, 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 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.

Independent Auditors' Report (Contd.)

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	**COVID-19: Impact on financial reporting and audit procedures (as described in Note 47 of the standalone Ind AS financial statements)** Coronavirus disease 2019 ("COVID-19), was declared a global pandemic by World Health Organisation. COVID-19 has caused severe disruptions, caused by Government actions, consequent business decisions or economic environment developments. As a measure for containment of COVID19, lockdowns were imposed by Governments in various geographies where the Company operates. The extent to which COVID-19 impacts the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted. It has led to the reassessment of certain assumptions and judgements used in preparation of financial statements. Further the lockdown restrictions caused by COVID-19 has also necessitated alternative audit procedures to be used and required us to exercise significant judgement on their use.	Our audit procedures amongst others included the following: • Inquired with the Company on Government actions including tax breaks and incentives, consequent business decisions, subsequent events and other economic developments which could have an impact on the financial statements and ascertained whether the impact has been appropriately recorded. • Inquired with management the exposure to litigation or financial penalties that could adversely impact the Company's financial results in case of material interruption of supply and invocation of failure to supply clauses in several long-term contracts with customers in various geographies. Obtained and read the relevant agreements and correspondence with customer to assess the appropriateness of the impact of such clauses. • Revisited the assumptions in the ECL model to assess if any change was required to incorporate the impact of COVID-19. • Assessed the impact of COVID-19 on assumptions in matters involving use of significant judgements and estimations. • Regular inventory counts which are performed as at year-end could not be performed and hence alternative procedures have been performed and the inventory balances have been rolled back to year-end.

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

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

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

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

Independent Auditors' Report (Contd.)

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

Management's Responsibility for the standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of Standalone Financial Statements

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

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

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

Independent Auditors' Report (Contd.)

statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

(b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.

(e) On the basis of the written representations received as on March 31, 2020 taken on record by the Board of Directors, from other than one director who has subsequently resigned, none of the directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure II". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The company has disclosed the impact of pending litigation on its financial position in its Ind AS financial statements- Refer Note 39 to the Standalone Ind AS financial statements.

(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There was no delay in transferring amounts, required to be transferred to Investor Education and Protection Fund by the Company.

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

(Akhil Bhalla)
Partner
Membership No. 505002
UDIN: 20505002AAAAGN6231

Place: New Delhi
Dated: June 29, 2020

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, 2020 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 Property, Plant and equipment. In accordance with this program, certain Property, plant and equipment were verified by the management at reasonable intervals other than on reporting date because of unavoidable circumstances due to Covid-19 and therefore, physical verification was done at a later date, roll back procedures were performed and 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. As explained to us, Inventories have been physically verified by the management, except for inventories lying with third parties for which certificates confirming inventories held by them have been obtained in most of the cases. Physical verification conducted at a subsequent period other than on reporting date because of unavoidable circumstances due to Covid-19 and therefore roll back procedures were performed and no material discrepancies were noticed on such verification of stocks as compared to book records.

3. According to the information and explanations given to us and in our opinion, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clauses (iii) (a), (iii) (b) & (iii) (c) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the current year.

4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under section 185 of the Act. However the company has complied with the provisions of Sections 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.

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

7. (a) According to the information and explanation given to us, the Company is regular in depositing to the appropriate authorities undisputed statutory dues including Provident Fund, Income tax, Goods & service tax, employee's state insurance, Custom duty and any other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues were in arrears as at

Annexure I to Independent Auditors' Report (Contd.)

March 31, 2020 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
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
Custom Act, 1962	Demand of custom Duty	28.12	4.13	FY 2012-13, 2014-15, 2015-16	The customs, excise and service tax Appellate Tribunal
Custom Act, 1962	Demand of custom Duty	7.97		2013-14	Deputy Commissioner of customs, Delhi

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

9. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

10. To the best of our knowledge and according to the information and explanation given to us, no fraud by the company or no fraud on the company by its officer or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

Annexure I to Independent Auditors' Report (Contd.)

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly provisions of clause 3 (xiv) of the order are not applicable.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

(Akhil Bhalla)
Partner
Membership No. 505002
UDIN: 20505002AAAAGN6231

Place: New Delhi
Dated: June 29, 2020

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, 2020 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

Annexure II to Independent Auditors' Report (Contd.)

of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and those receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(Akhil Bhalla)
Partner
Membership No. 505002
UDIN: 20505002AAAAGN6231

Place: New Delhi
Dated: June 29, 2020

Balance Sheet
as at 31st March, 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars	Note	31st March, 2020	31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	14,922.97	13,971.68
Capital work in progress	2	60.21	644.16
Investment property	3	292.18	308.59
Intangible assets	4	131.17	111.83
Intangible assets under development	4	18.50	18.50
Financial assets			
Investments	5	3,282.00	4,617.39
Loans	6 A	151.44	121.58
Other financial assets	7 A	33.37	25.99
Current tax assets	8	239.41	-
Other non-current assets	9 A	362.65	449.39
Total non-current assets		**19,493.90**	**20,269.11**
Current assets			
Inventories	10	10,794.64	11,052.29
Financial assets			
Trade receivables	11	12,517.62	13,528.20
Cash and cash equivalents	12	370.94	231.84
Other bank balances	13	391.07	692.21
Loans	6 B	567.87	566.78
Other financial assets	7 B	143.30	73.96
Other current assets	9 B	1,704.16	1,892.30
Total current assets		**26,489.60**	**28,037.58**
Total assets		**45,983.50**	**48,306.69**
Equity and liabilities			
Equity			
Equity share capital	14	1,234.56	1,234.56
Other equity	15	16,555.51	17,185.06
Total equity		**17,790.07**	**18,419.62**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16 A	2,010.71	2,523.45
Other financial liabilities	17 A	31.79	13.15
Provisions	18 A	312.22	359.30
Deferred tax liabilities	19	290.86	270.89
Other non-current liabilities	20 A	66.44	97.97
Total non-current liabilities		**2,712.02**	**3,264.76**
Current liabilities			
Financial liabilities			
Borrowings	16 B	12,111.46	11,233.73
Trade payables	21		
(i) total outstanding dues of micro enterprises and small enterprises		97.61	132.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		10,462.41	11,594.20
Other financial liabilities	17 B	2,040.42	2,683.76
Other current liabilities	20 B	683.01	572.92
Provisions	18 B	86.50	148.70
Current tax liabilities	22	-	256.81
Total current liabilities		**25,481.41**	**26,622.31**
Total equity and liabilities		**45,983.50**	**48,306.69**
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements	1		

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

For and on behalf of Talbros Automotive Components Limited

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

per Akhil Bhalla
Partner
Membership No. 505002

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Manish Khanna
Chief Financial Officer

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

Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

Statement of Profit and Loss

for the year ended 31st March, 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue			
Revenue from operations	23	38,529.41	48,284.79
Other income	24	811.04	1,194.51
Total income		**39,340.45**	**49,479.30**
Expenses			
Cost of materials consumed	25	20,762.44	26,592.73
Purchase of stock-in-trade	26	175.24	229.35
Changes in inventories of finished goods, stock in trade and work in progress	27	(456.62)	451.26
Employee benefits expenses	28	5,602.18	5,924.71
Finance costs	29	1,610.23	1,552.53
Depreciation and amortisation expense	30	1,917.05	1,790.12
Other expenses	31	8,711.98	9,995.01
Total expenses		**38,322.50**	**46,535.71**
Profit before exceptional items and tax		1,017.95	2,943.59
Exceptional items	32	(213.80)	-
Profit before tax		**804.15**	**2,943.59**
Tax expense	33		
Current tax		133.75	882.71
Deferred tax		16.70	(76.41)
Earlier years tax adjustments (net)		(18.19)	(30.28)
Total tax expense		**132.26**	**776.02**
Profit for the year		**671.89**	**2,167.57**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(14.22)	(47.80)
Changes in fair value of FVOCI equity instruments		(1,335.39)	(578.59)
Income tax relating to items that will not be reclassified to profit or loss		316.07	151.52
Total other comprehensive income for the year		**(1,033.54)**	**(474.87)**
Total comprehensive income for the year		**(361.65)**	**1,692.70**
Earnings per equity share (Face value ₹ 10 per share)	34		
Basic (₹)		5.44	17.56
Diluted (₹)		5.44	17.56
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 June, 2020

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, 2020

(All amounts in INR lacs, unless otherwise stated)

A Equity share capital

Particulars	Balance as at 1st April, 2018	Changes in equity share capital during the year	Balance as at 31st March, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
Equity share capital	1,234.56	-	1,234.56	-	1,234.56

B Other equity

Particulars	Reserves and surplus				Equity instruments through Other Comprehensive Income	Total
	General reserve	Capital reserve	Securities premium	Retained earnings		
Balance as at 1st April, 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**
Profit for the year	-	-	-	671.89	-	671.89
Other comprehensive income for the year (net of tax impact)	-	-	-	(9.24)	(1,024.30)	(1,033.54)
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(222.22)	-	(222.22)
- Dividend distribution tax	-	-	-	(45.68)	-	(45.68)
Balance as at 31st March, 2020	**698.23**	**15.21**	**4,678.30**	**11,146.77**	**17.00**	**16,555.51**

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 June, 2020

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, 2020

(All amounts in INR lacs, unless otherwise stated)

	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**804.15**	**2,943.59**
	Adjustments for:		
	Depreciation on property, plant and equipment, investment property and intangible assets	1,917.05	1,790.12
	Profit on sale of property, plant and equipment (net)	(52.80)	(35.62)
	Interest income	(111.14)	(104.44)
	Dividend income	(250.68)	(493.48)
	Allowance for doubtful debts (net)	103.02	212.55
	Unrealised foreign exchange gain	(64.57)	(46.94)
	Advances written off	79.46	88.56
	Provisions no longer required written back	(79.46)	(88.56)
	Finance costs	1,610.23	1,552.53
	Operating profit before working capital changes	**3,955.27**	**5,818.31**
	Movement in working capital		
	Change in inventories	257.65	(127.43)
	Change in Trade receivables, other financial and non-financial assets	1,196.83	(1,763.63)
	Change in Trade payable, other financial and non-financial liabilities	(1,416.69)	(1,810.15)
	Cash generated from operating activities post working capital changes	**3,993.06**	**2,117.10**
	Income tax paid (net)	(292.45)	(478.50)
	Net cash generated from operating activities (A)	**3,700.61**	**1,638.60**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development)	(2,288.43)	(4,182.91)
	Proceeds from sale of property, plant and equipment	177.86	146.62
	Proceeds from sale of investments	-	140.20
	Movement in other bank balances	270.62	(243.64)
	Dividend received	250.68	493.49
	Interest received	134.27	93.03
	Net cash used in investing activities (B)	**(1,455.00)**	**(3,553.21)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings	1,815.85	5,300.63
	Repayment of borrowings	(1,985.21)	(1,706.05)
	Payment towards lease liabilities	(11.42)	-
	Dividend paid net (including tax)	(267.58)	(220.64)
	Interest paid	(1,658.15)	(1,548.91)
	Net cash used in financing activities (C)	**(2,106.51)**	**1,825.03**
	Decrease in cash and cash equivalents (A+B+C)	139.10	(89.58)
	Cash and cash equivalents at the beginning of the year	231.84	321.42
	Cash and cash equivalents at the end of the year (Refer note 12)	**370.94**	**231.84**

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 June, 2020

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, 2020

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 Exchangeand 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 (as amended).

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31st March, 2020 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 29th June, 2020.

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 note1.4. 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*
- 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.

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

*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.

Subsequent measurement (depreciation and useful lives)

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

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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

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

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

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

De-recognition

An item of property, plant and equipment and any significant part initially 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 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

d) Intangible assets

Recognition and initial measurement

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

Subsequent measurement (Amortisation and useful lives)

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

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

De-recognition

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are 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 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

e) Investment property

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

f) **Impairment of non-financial assets**

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

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An 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 leases recognized in accordance with Ind AS 116, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

i) Foreign currency transactions

Functional and presentation currency

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

Foreign currencies

Initial recognition

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

Subsequent measurement

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

Exchange differences arising on settlement or translation of monetary items are 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

Transition

Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing at the date of initial application and right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Comparatives as at and for the year ended 31st March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31st March, 2019.Refer note 1.3(j) – Significant accounting policies – Leases in the financial statements for the year ended 31st March, 2019, for the policy as per Ind AS 17.

Refer note 40 for disclosures.

Company as a lessee

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

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

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

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

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

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

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership 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 occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

l) **Revenue recognition**

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

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

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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 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 inequity 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).

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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:

- 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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absence

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

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

Other short-term benefits

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

q) Earnings per share

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

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

r) Taxes

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

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

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

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on 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.

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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.

t) **Provisions, contingent liabilities and contingent assets**

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

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

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

Contingent assets are disclosed when probable and 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.

Leases – The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Significant estimates

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

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

Fair value measurements

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

1.5 Standard issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification, which would have been applicable from 1st April, 2020.

Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lacs, unless otherwise stated)

Particulars	Freehold land	Right of use - Land	Building	Leasehold improvements	Plant and equipment	Vehicles	Right of use - vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block														
As at 1st April, 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**
Additions*	-	-	1.30	-	2,837.26	0.54	27.80	1.70	16.10	80.00	-	-	2,964.70	-
Disposals/transfers	-	-	(0.10)	-	(179.04)	(16.65)	-	(10.91)	(9.30)	(11.06)	-	-	(227.06)	(583.95)
Balance as at 31st March, 2020	**702.62**	**413.99**	**3,120.67**	**15.79**	**20,761.08**	**438.25**	**27.80**	**590.85**	**423.70**	**957.73**	**105.72**	**10.52**	**27,568.72**	**60.21**
Accumulated depreciation														
As at 1st April, 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**	**-**
Charge for the year	-	4.60	111.20	-	1,540.89	51.62	10.20	65.96	32.84	64.16	6.88	-	1,888.35	-
Disposals	-	-	(0.07)	-	(59.42)	(12.29)	-	(10.58)	(8.63)	(11.01)	-	-	(102.00)	-
Balance as at 31st March, 2020	**-**	**53.42**	**1,354.71**	**15.79**	**9,385.66**	**290.84**	**10.20**	**500.15**	**358.84**	**579.85**	**86.30**	**9.99**	**12,645.75**	**-**
Net block as at 31st March, 2020	702.62	360.57	1,765.96	-	11,375.42	147.41	17.60	90.70	64.86	377.88	19.42	0.53	14,922.97	60.21
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 1st April, 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

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

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

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

Nature of expense	31st March, 2020	31st March, 2019
Salaries and wages	218.69	225.65
Depreciation	58.55	63.30
Power and fuel	119.10	125.75
Repairs and maintenance	72.28	100.61
Processing charges and consumable	200.46	222.46
Total	**669.08**	**737.77**

(ii) Contractual obligations

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

(iii) Assets pledged as security

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 3. INVESTMENT PROPERTY

Particulars	Land	Building	Total
Gross block			
As at 1st April, 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**
Additions/transfers	-	-	-
Balance as at 31st March,2020	**2.81**	**512.27**	**515.08**
Accumulated depreciation			
As at 1st April, 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**
Charge for the year	-	16.41	16.41
Disposals/transfers	-	-	-
Balance as at 31st March,2020	**-**	**222.90**	**222.90**
Net block as at 31st March,2020	**2.81**	**289.37**	**292.18**
Net block as at 31st March,2019	**2.81**	**305.78**	**308.59**
Net block as at 1st April 2018	**-**	**295.14**	**295.14**

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

Particulars	31st March, 2020	31st March, 2019
Rental income	184.28	143.27
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	**184.28**	**143.27**
Less: depreciation expense	16.41	15.45
Profit from leasing of investment property after depreciation	**167.87**	**127.82**

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

(ii) Leasing arrangements

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

(iii) Fair value of investment property:

Particulars	31st March, 2020	31st March, 2019
Fair value	608.07	526.10

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 4. INTANGIBLE ASSETS

Particulars	Computer software	Technical know-how	Total	Intangible assets under development
Gross block				
As at 1st April, 2018	255.12	471.61	726.73	63.47
Additions	80.87	-	80.87	-
Capitalized during the year	-	-	-	(44.97)
Balance as at 31st March, 2019	**335.99**	**471.61**	**807.60**	**18.50**
Additions	90.18	-	90.18	-
Disposals	-9.54	-	-9.54	-
Internally developed	-	-	-	-
Balance as at 31st March, 2020	**416.63**	**471.61**	**888.24**	**18.50**
Accumulated amortisation				
As at 1st April, 2018	207.04	450.60	657.64	-
Amortisation charge for the year	25.53	12.60	38.13	-
Balance as at 31st March, 2019	**232.57**	**463.20**	**695.77**	**-**
Amortisation charge for the year	62.43	8.41	70.84	-
Disposals	(9.54)	-	-9.54	-
Balance as at 31st March, 2020	**285.46**	**471.61**	**757.07**	**-**
Net block as at 31st March, 2020	**131.17**	**0.00**	**131.17**	**18.50**
Net block as at 31st March, 2019	**103.42**	**8.41**	**111.83**	**18.50**
Net block as at 1st April, 2018	**48.08**	**21.01**	**69.09**	**63.47**

Notes:

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

(ii) Research and development expenses

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

NOTE 5. INVESTMENTS

	As at 31st March, 2020	As at 31st March, 2019
A Investments		
(i) Investments in equity instruments		
Joint ventures		
(Unquoted, at cost)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31st March, 2019: 4,800,000 shares) of ₹ 10 each	480.00	480.00
Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31st March, 2019: 11,780,000 shares) of ₹ 10 each	1,178.00	1,178.00
Talbros Marugo Rubber Private Limited 9,500,000 shares (31st March, 2019: 9,500,000 shares) of ₹ 10 each	950.00	950.00

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 5. INVESTMENTS (CONTD.)

	As at 31st March, 2020	As at 31st March, 2019
Others		
(Unquoted, at fair value through other comprehensive income)		
QH Talbros Private Limited 177,962 shares (31st March, 2019: 177,962 shares) of ₹ 10 each	5.00	19.98
Talbros International Private Limited 1,326,970 shares (31st March, 2019: 1,326,970 shares) of ₹ 10 each	650.00	1,966.11
T & T Motors Limited 83,333 shares (31st March, 2019: 83,333 shares) of ₹ 10 each	19.00	23.30
	3,282.00	**4,617.39**
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	3,282.00	4,617.39
Aggregate amount of impairment in value of investments	-	-

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31st March, 2020	As at 31st March, 2019
Nippon Leakless Talbros Private Limited	India	40.00%	40.00%
Magneti Marelli Talbros Chassis Systems Private Limited	India	50.00%	50.00%
Talbros Marugo Rubber Private Limited	India	50% less one share	50% less one share

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

NOTE 6. LOANS

A Loans - non current
(Unsecured, considered good)

	As at 31st March, 2020	As at 31st March, 2019
Security deposits	151.44	121.58
	151.44	**121.58**

B Loans - current
(Unsecured, considered good)

Inter-corporate deposit	543.74	566.78
Security deposits	24.13	-
	567.87	**566.78**

NOTE 7.

A Other financial assets - non-current
(Unsecured, considered good)

Bank deposits with more than 12 months maturity*	33.37	25.99
	33.37	**25.99**

*Under lien with banks as security against borrowings.

B Other financial assets - current
(Unsecured, considered good)

Loan to employees	68.96	64.30
Derivative assets on forward contracts	-	4.59
Claims and other recoverable	74.34	5.07
	143.30	**73.96**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 8. CURRENT TAX ASSETS

	31st March, 2020	31st March, 2019
Advance income tax	1,334.65	-
Less: Provision for taxation	(1,095.24)	-
	239.41	**-**

Note 9.

A	Other non-current assets		
	Accrued lease income	9.40	-
	Capital advances	353.25	449.39
		362.65	**449.39**

B	Other current assets		
	Advances to suppliers		
	- Considered good	433.42	464.88
	- Considered doubtful	13.93	13.93
	Balance with government authorities		
	- Considered good	945.48	1,047.82
	- Considered doubtful	73.95	64.62
	Prepaid expenses	64.66	80.23
	Accrued lease income	0.30	-
	Others	260.30	299.37
		1,792.04	**1,970.85**
	Less : Provision for doubtful advances	(87.88)	(78.55)
		1,704.16	**1,892.30**

NOTE 10. INVENTORIES

(Lower of cost or net realizable value)		
Raw material	3,564.72	4,347.27
Work in progress	5,002.66	4,809.02
Finished goods including Stock in Trade	1,732.94	1,469.96
Stores and spares	494.32	426.04
	10,794.64	**11,052.29**
i) The above includes goods in transit as under:		
Raw material	593.29	659.37
Stores and spares	0.44	5.80
	593.73	**665.17**

NOTE 11. TRADE RECEIVABLES

Trade receivables considered good - unsecured	12,517.62	13,528.20
Trade receivables which have significant increase in credit risk	316.56	302.34
	12,834.18	**13,830.54**
Less: Allowance for doubtful debts	(316.56)	(302.34)
	12,517.62	**13,528.20**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 11. TRADE RECEIVABLES (CONTD.)

	31st March, 2020	31st March, 2019
Includes trade receivables from companies in which directors are interested		
Magneti Marelli Talbros Chassis Systems Private Ltd.	6.10	10.43
Talbros Marugo Rubber Private Limited	66.22	36.82
QH Talbros Private Limited	1,150.66	1,246.76

Refer note 38 for related party transactions

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

NOTE 12. CASH AND CASH EQUIVALENTS

Cash on hand	32.88	40.61
Balances with banks		
-in current accounts	330.98	127.83
Deposits with original maturity less than 3 months	7.08	63.40
	370.94	**231.84**

NOTE 13. OTHER BANK BALANCES

Term deposits	67.77	95.70
Margin money deposits (under lien with banks)	299.42	572.95
Earmarked balances with banks		
- Unpaid dividend account	23.88	23.56
	391.07	**692.21**

NOTE 14. EQUITY SHARE CAPITAL

		As at 31st March, 2020		As at 31st March, 2019	
		No. of shares	Amount	No. of shares	Amount
i	**Authorised**				
	Equity shares of ₹ 10 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
		2,00,00,000	**2,000.00**	**2,00,00,000**	**2,000.00**
ii	**Issued, subscribed and fully paid up**				
	Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
		1,23,45,630	**1,234.56**	**1,23,45,630**	**1,234.56**
iii	**Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**				
	Equity shares				
	Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
	Changes during the year	-	-	-	-
	Balance at the end of the year	**1,23,45,630**	**1,234.56**	**1,23,45,630**	**1,234.56**

iv Terms/ rights attached to equity shares

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 14. EQUITY SHARE CAPITAL (CONTD.)

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

	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	**%**	**No. of shares**	**%**
Name of the equity shareholders				
Talbros International Private Limited	52,61,597	42.62%	51,10,350	41.39%

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

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

NOTE 15. OTHER EQUITY

	As at 31st March, 2020	As at 31st March, 2019
General reserve	698.23	648.23
Retained earnings	11,146.77	10,802.02
Capital reserve	15.21	15.21
Securities premium reserve	4,678.30	4,678.30
Equity instruments through other comprehensive income	17.00	1,041.30
Total other equity	**16,555.51**	**17,185.06**

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 rentained earnings to General reserve represents transfer as per the provision of Companies Act on dividend distribution.

ii Retained earnings

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

iii Capital reserve

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

iv Securities premium reserve

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

v Equity instruments through other comprehensive income

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 16.

A Long term borrowings

	As at 31st March, 2020	As at 31st March, 2019
Secured		
Term Loans		
From banks - Rupee loan		
- IDFC First bank	49.99	149.98
- Kotak Mahindra bank	376.05	200.90
- Vehicle Loans	24.04	53.68
From banks - foreign currency loan		
- IDFC First bank	295.37	517.97
From Others		
- Bajaj Finance Ltd.(Term Loan-II)	1,232.38	1,443.28
- Vehicle loans	32.88	37.58
Unsecured		
Deposits		
- From director	-	5.00
- From public	-	115.06
	2,010.71	**2,523.45**
Amount disclosed under other financial liabilities:		
Current maturity of long-term debts	1,225.84	1,757.69
Interest accrued on borrowings	80.80	132.13

Notes:

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

Particulars	Terms of repayment	Interest Rate	31st March, 2020	31st March, 2019
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%	49.99	149.98
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	9.15%	376.05	200.90

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 16. LONG TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31st March, 2020	31st March, 2019
Vehicle Loan	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	9.25% to 11.19%	24.04	53.68
From banks - foreign currency loan				
IDFC First Bank	24 to 48 equal monthly installment from the date of disbursement	3.00% to 3.25%	295.37	517.97
From others:				
Bajaj Finance Ltd. (Term Loan- II)	60 equal monthly installments from the date of loan	9.25% - 9.65%	1,232.38	1,443.28
Vehicle Loan	36 equal monthly installments from the date of loan	6.28%	32.88	37.58
Unsecured				
Deposits				
From director	Repayable within 3 years	11.00%	-	5.00
From public	Repayable within 2 to 3 years	9.50% - 11.00%	-	115.06
			2,010.71	**2,523.45**

		As at 31st March, 2020	As at 31st March, 2019
B	**Short term borrowings**		
	Secured		
	a) Working capital loan from bank		
	HDFC Bank*	4,208.50	3,983.12
	DBS Bank*	1,453.02	1,486.22
	Yes Bank*	176.62	1,884.22
	IDFC First Bank*	-	1,487.63
	Axis Bank*	1,755.93	-
	Federal Bank *	2,436.73	-
	Unsecured		
	a) Working capital loan from bank		
	HDFC Bank**	1,000.00	1,000.00
	b) Working capital loan from others		
	Bajaj Finance Limited**	500.00	500.00
	c) Deposits		
	Inter-corporate deposit	100.00	100.00
	d) Borrowings on account of sales bill discounting		
	From banks	480.66	792.54
		12,111.46	**11,233.73**

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Yes Bank, IDFC First Bank, Federal 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.

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 16. SHORT TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31st March, 2020	31st March, 2019
Working capital loan, secured				
HDFC Bank	Within 365 days	5.85% - 9.50%	4,208.50	3,983.12
DBS Bank	Within 365 days	5.85% - 10.50%	1,453.02	1,486.22
Yes Bank	Within 365 days	6.00% - 10.25%	176.62	1,884.22
IDFC First Bank	Within 365 days	6.20% - 10.00%	-	1,487.63
Federal Bank	Within 365 days	8.50% - 8.85%	2,436.73	-
Axis Bank	Within 365 days	8.40% - 9.00%	1,755.93	-
Working capital loan, unsecured				
HDFC Bank	Within 180 days	8.50%-9.05%	1,000.00	1,000.00
Bajaj Finance Limited	Within 90 days	9.15% - 9.65%	500.00	500.00
Deposits, unsecured				
Inter-corporate deposit	Within 365 days	12.00%	100.00	100.00
Borrowings on account of sales bill discounting, unsecured				
From banks	Within 90 days	8.85%-9.50%	480.66	792.54
			12,111.46	**11,233.73**

C Reconciliation of liabilities arising from financing activities

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

Particulars	Lease liabilities	Long-term borrowings	Short-term borrowings^	Total
As at 31st March, 2019	-	4,281.14	11,264.29	**15,545.43**
Cash flow:				
- Proceeds	-	938.11	565.86	**1,503.97**
- Repayment (including matured deposits)	(11.42)	(1,982.70)	(2.51)	**(1,996.63)**
Other movements:				
- Movement in bills discounted from banks			311.88	**311.88**
Other non-cash movements:				
- Recognition of lease liabilities	29.92	-	-	**29.92**
As at 31st March, 2020	**18.50**	**3,236.55**	**12,139.52**	**15,394.57**

^including unclaimed matured deposits

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

	As at 31st March, 2020	As at 31st March, 2019
NOTE 17.		
A Other financial liabilities - non-current		
Security deposits	24.22	13.15
Lease liabilities	7.57	-
	31.79	**13.15**
B Other financial liabilities - current		
Current maturity of long-term borrowings	1,225.84	1,757.69
Derivative liability on forward contracts	22.90	-
Interest accrued on borrowings	80.80	132.13
Employee related payables	555.15	639.15
Security deposits	26.60	18.10
Unclaimed dividend	23.88	23.56
Unclaimed matured deposits	28.05	30.55
Interest accrued on unclaimed matured deposits	14.06	14.84
Lease liabilities	10.93	-
Other payables	52.21	67.74
	2,040.42	**2,683.76**
NOTE 18.		
A Provisions - non-current		
Employees' post retirement/long-term benefits		
Gratuity	83.96	150.41
Compensated absences	228.26	208.89
	312.22	**359.30**

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

B Provisions - current		
Employees' post retirement/long-term benefits		
Gratuity	2.50	70.00
Compensated absences	84.00	78.70
	86.50	**148.70**

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

NOTE 19.		
Deferred tax liabilities		
Deferred tax liabilities arising on account of :		
Depreciation	892.74	940.64
Equity instruments carried at FVOCI	0.94	312.03
Others	11.13	9.63
Deferred tax asset arising on account of :		
Minimum alternative tax credit#	357.71	677.04
Allowance for doubtful debts and advances	118.96	132.75
Disallowances u/s 43B	137.28	181.62
	290.86	**270.89**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 19. DEFERRED TAX LIABILITIES (CONTD.)

Particulars	31st March, 2019	Adjusted from Provision for Taxation	Recognised in statement of profit and loss	Recognised in other comprehensive income	31st March, 2020
Deferred tax liability:					
Depreciation	940.64	-	(47.90)	-	892.74
Equity instruments carried at FVOCI	312.03	-	-	(311.09)	0.94
Others	9.63	-	1.50	-	11.13
Deferred tax asset:					
Minimum alternative tax credit	677.04	-319.33	-	-	357.71
Allowance for doubtful debts and advances	132.75	-	(13.79)	-	118.96
Disallowances u/s 43B	181.62	-	(49.31)	4.98	137.28
	270.89	**319.33**	**16.70**	**(316.07)**	**290.86**

Note:

(i)	**Breakup of amounts recognised in statement of profit and loss:**	**31st March,2020**	**31st March,2019**
	Recognised as part of:		
	- Deferred tax	16.70	(76.41)
		16.70	**(76.41)**

NOTE 20.

A	**Other non-current liabilities**		
	Deferred income	4.11	6.26
	Amount payable government authorities	62.33	91.71
		66.44	**97.97**

B	**Other current liabilities**		
	Advance from customers^	511.81	321.58
	Payable to statutory authorities	139.67	220.05
	Deferred income	2.14	2.14
	Amount payable government authorities	29.39	29.15
		683.01	**572.92**

^includes discount adjustment amounting to ₹ Nil (previous year ₹ 187.56 lacs)

^represents contract liabilities

Reconciliation of contract liabilities:		
Contract liabilities at the beginning of the year	321.58	294.56
Less: performance obligations satisfied in current year	(23.97)	(187.18)
Add: advance received during the year	214.20	214.20
Contract liabilities at the end of the year	**511.81**	**321.58**

NOTE 21.

Trade payables*		
Total outstanding dues of micro enterprises and small enterprises	97.61	132.19
total outstanding dues of creditors other than micro enterprises and small enterprises	10,462.41	11,594.20
	10,560.02	**11,726.39**

**Refer note 38 for related party transactions*

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 21. TRADE PAYABLES* (CONTD.)

The Company has received below information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March,2020 and 31st March,2019:

Particulars		31st March,2020	31st March,2019
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	97.61	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

	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation	-	1,299.01
Less: Advance income tax	-	(1,042.20)
	-	**256.81**

NOTE 23. REVENUE FROM OPERATIONS

	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of products	36,660.73	45,903.06
Sale of services	38.08	53.59
Other operating income	1,830.60	2,328.14
	38,529.41	**48,284.79**
Disaggregation of revenue:		
Gaskets	24,463.50	30,336.73
Forgings	12,197.25	15,528.55
Management fees	38.06	32.88
Others	1,830.60	2,386.63
	38,529.41	**48,284.79**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 24. OTHER INCOME

	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income on:		
- Inter corporate deposits	63.17	62.54
- Fixed deposits with banks	41.15	32.97
- Other financial assets at amortised cost	-	6.03
- Others	6.82	2.90
Dividend income from:		
- Related parties	250.68	490.68
- Others	-	2.80
Royalty	89.62	102.64
Lease rentals	184.28	143.27
Net gain on foreign currency transactions and translation	97.31	284.80
Profit on sale of property, plant and equipment (net)	52.80	35.62
Other non-operating income	25.21	30.26
	811.04	**1,194.51**

NOTE 25. COST OF MATERIALS CONSUMED

Cost of materials consumed		
Opening inventory	4,347.27	3,796.46
Add: Purchases	19,979.89	27,143.54
	24,327.16	**30,940.00**
Less: Closing inventory	3,564.72	4,347.27
	20,762.44	**26,592.73**

Cost of raw materials consumed include:		
Tinplate/P.C.R.C.A/steel	5,218.55	7,117.31
Jointing	4,732.16	6,737.85
Forging steels	6,848.78	8,464.28
Bought out auto components and parts	2,176.99	2,611.00
Others	1,785.96	1,662.29
	20,762.44	**26,592.73**

NOTE 26. PURCHASE OF STOCK-IN-TRADE

Dyna bond	175.24	229.35
	175.24	**229.35**

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

Change in inventories of finished goods, work in progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods (including stock in trade)	1,732.94	1,469.96
Work-in-progress	5,002.66	4,809.02
Inventories at the beginning of the year:		
Finished goods (including stock in trade)	1,469.96	1,456.55
Work-in-progress	4,809.02	5,273.69
Net decrease	**(456.62)**	**451.26**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 28. EMPLOYEE BENEFITS EXPENSE

	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages	4,962.54	5,226.33
Contributions to provident and other fund	320.76	298.62
Staff welfare expenses	318.88	399.76
	5,602.18	**5,924.71**

NOTE 29. FINANCE COSTS

Interest on borrowings	1,518.89	1,443.67
Interest on lease liabilities	2.12	-
Interest on others	2.07	1.75
Other borrowing cost	87.15	107.11
	1,610.23	**1,552.53**

NOTE 30. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on:		
- Property plant and equipment^	1,888.35	1,799.84
- Investment property	16.41	15.45
Amortisation of:		
- Intangible assets	70.84	38.13
	1,975.60	**1,853.42**
Less: depreciation capitalised	58.55	63.30
	1,917.05	**1,790.12**

^Includes depreciation on right of use assets ₹ 14.80 lacs (previous year ₹ Nil)

NOTE 31. OTHER EXPENSES

Other expenses		
Consumption of stores and spares parts	2,530.55	2,837.97
Labour and processing charges	432.95	526.34
Royalty	9.57	17.00
Power and fuel	1,659.78	2,002.72
Rent	26.66	31.65
Repairs to buildings	58.04	74.12
Repairs to plant & machinery	329.29	475.25
Repairs to other assets	137.46	172.88
Insurance	100.29	93.92
Travelling, tour & conveyance	829.24	602.71
Sales promotion expenses	193.70	284.34
Packing, freight & forwarding	1,541.92	1,841.89
Rates and taxes	18.04	26.55
Corporate social responsibility expenditure	0.50	28.60
Allowance for doubtful trade receivables/advances	103.02	212.55
Advances written off	79.46	88.56
Provisions no longer required written back	(79.46)	(88.56)
Legal and professional	206.15	166.01

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 31. OTHER EXPENSES (CONTD.)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Payment to auditors:		
- As Auditors:		
Audit fee	13.77	10.51
Tax audit fee	2.20	2.00
- In other capacity:		
Limited review	1.60	1.66
Other services	1.55	2.46
Out of pocket expenses	2.62	2.64
Donation	4.52	4.39
Miscellaneous expenses	508.56	576.85
	8,711.98	**9,995.01**

i Corporate social responsibility expenses

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

a) Gross amount required to be spent by the Company during the year is ₹ 34.87 lacs (31st March, 2019: ₹ 28.60 lacs).

b) Amount spent during the financial year ended 31st March, 2020 and 31st March, 2019 on:

Particulars	Year	Amount paid	Amount yet to be paid	Total
Contribution to Prime Minister's National Relief Fund	31st March, 2020	-	-	-
	31st March, 2019	0.60	-	0.60
Donation paid to charitable trust	31st March, 2020	0.50	34.37	34.87
	31st March, 2019	28.00	-	28.00

Amount computed is based upon profits as per previous GAAP.

NOTE 32. EXCEPTIONAL ITEMS

	31st March, 2020	31st March, 2019
Settlement of indirect tax litigation^	(213.80)	-
	(213.80)	**-**

^represents payment made on settlement of litigation under central excise.

NOTE 33. INCOME TAX

	Year ended 31st March, 2020	Year ended 31st March, 2019
Tax expense comprises of:		
Current tax	133.75	882.71
Deferred tax charge	16.70	(76.41)
Earlier years tax adjustments (net)	(18.19)	(30.28)
Income tax expense reported in the statement of profit and loss	**132.26**	**776.02**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 33. INCOME TAX (CONTD.)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 33.384% and the reported tax expense in profit or loss are as follows:

	Year ended 31st March, 2020	Year ended 31st March, 2019
Accounting profit before income tax	**804.15**	**2,943.59**
At India's statutory income tax rate of 33.384% (31st March,2019: 34.944%)	268.46	1,028.61
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact of exempted income	(83.69)	(172.44)
Earlier years tax adjustments (net)	(18.19)	(30.28)
Others	(34.32)	(49.87)
Income tax expense	**132.26**	**776.02**

NOTE 34. EARNINGS PER SHARE (EPS)

Earnings per share (EPS)		
Profit attributable to equity shareholders	671.89	2,167.57
Profit attributable to equity shareholders adjusted for the effect of dilution	671.89	2,167.57
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	5.44	17.56
(2) Diluted	5.44	17.56

NOTE 35. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability

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

31st March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	674.00	674.00
Derivative assets on forward contracts	-	-	-	-
Total financial assets	**-**	**-**	**674.00**	**674.00**
Financial liabilities				
Derivative liability on forward contracts		22.90	-	22.90
Total financial liabilities	**-**	**22.90**	**-**	**22.90**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 35. FAIR VALUE DISCLOSURES (CONTD.)

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

(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*	
	31st March, 2020	31st March, 2019		31st March, 2020	31st March, 2019	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	674.00	2,009.39	Terminal growth rate	5%	5%	31st March, 2020: ₹ 798.00 lacs 31st March, 2019: - ₹ 2,094.19 lacs	31st March, 2020: ₹ 567.00 lacs 31st March, 2018: - ₹ 1,938.01 lacs

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

(v) The following table presents the changes in level 3 items for the year ended 31st March, 2020 and 31st March, 2019:

Particulars	Equity shares
As at 1st April, 2018	**2,702.69**
Acquisition during the year	(114.71)
Gain recognized in other comprehensive income	(578.59)
As at 31st March, 2019	**2,009.39**
Disposal during the year	-
Loss recognized in other comprehensive income	(1,335.39)
As at 31st March, 2020	**674.00**

(vi) Fair value of instruments measured at amortised cost

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

Particulars	Level	31st March, 2020		31st March, 2019	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	151.44	151.44	121.58	121.58
Other financial assets	Level 3	33.37	33.37	25.99	25.99
Total financial assets		**184.81**	**184.81**	**147.57**	**147.57**
Financial liabilities					
Borrowings	Level 3	3,317.35	3,317.35	4,413.27	4,413.27
Other financial liabilities	Level 3	24.22	24.44	13.15	13.30
Total financial liabilities		**3,341.57**	**3,341.79**	**4,426.42**	**4,426.57**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 35. FAIR VALUE DISCLOSURES (CONTD.)

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

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March, 2020 was assessed to be insignificant.

NOTE 36. FAIR VALUE DISCLOSURES

Financial risk management

(i) Financial instruments by category

Particulars	31st March, 2020			31st March, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	674.00	-	-	2,009.39	-
Trade receivables	-	-	12,517.62	-	-	13,528.20
Loans	-	-	567.87	-	-	566.78
Cash and cash equivalents	-	-	370.94	-	-	231.84
Other bank balances	-	-	391.07	-	-	692.21
Other financial assets	-	-	176.67	4.59	-	95.36
Security deposits	-	-	151.44	-	-	121.58
Total financial assets	**-**	**674.00**	**14,175.61**	**4.59**	**2,009.39**	**15,235.97**
Financial liabilities						
Borrowings	-	-	15,428.81	-	-	15,647.00
Trade payables	-	-	10,560.02	-	-	11,726.39
Other financial liabilities	22.90	-	742.67	-	-	807.09
Total financial liabilities	**22.90**	**-**	**26,731.50**	**-**	**-**	**28,180.48**

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

(ii) Risk management framework

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company has investments in equity shares, except for entities where it exercises control or joint control or significant influence.

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

(A) Credit risk

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

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

a) Credit risk management

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

A: Low

B: Medium

C: High

Assets under credit risk –

Credit rating	Particulars	31st March, 2020	31st March, 2019
A: Low	Loans	719.31	688.36
	Other financial assets	176.67	99.95
	Cash and cash equivalents	370.94	231.84
	Other bank balances	391.07	692.21
B: Medium	Trade receivables	12,834.18	13,830.55

Cash & cash equivalents and bank deposits

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

Trade receivables

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Other financial assets measured at amortised cost

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

b) Expected credit losses

Trade receivables

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

Particulars	31st March, 2020		31st March, 2019	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross debtors where no specific default has occurred	12,250.69	583.49	12,304.42	1,526.12
Expected loss rate	2.25%	7.02%	2.14%	2.56%
Expected credit loss (loss allowance provision)	275.61	40.95	263.23	39.11

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

Reconciliation of loss allowance	Trade receivables
Loss allowance on 1st April, 2018	**192.61**
Add: Changes in loss allowances	109.73
Loss allowance on 31st March, 2019	**302.34**
Less: Changes in loss allowances	14.22
Loss allowance on 31st March, 2020	**316.56**

Other financial assets measured at amortised cost

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

(B) Liquidity risk

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Financing arrangements

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

	As at 31st March, 2020	As at 31st March, 2019
Expiring within one year (cash credit and other facilities)	738.43	558.81
Expiring beyond one year (bank loans - floating rate)	1,270.31	940.31

Maturities of financial liabilities

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

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

31st March, 2020	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	13,777.53	2,160.26	286.50	**16,224.29**
Security deposit received	26.60	22.26	9.00	**57.86**
Trade payable	10,560.02	-	-	**10,560.02**
Other financial liabilities	788.46	8.64	-	**797.10**
Total	**25,152.61**	**2,191.16**	**295.50**	**27,639.27**

31st 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**

(C) Market risk

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

(i) Foreign exchange risk

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

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

Particulars	31st March, 2020	31st March, 2019
Import trade payables:		
EURO (in lakh)	11.21	15.69
INR (₹)	934.33	1,217.04
USD (in lakh)	28.04	36.56
INR (₹)	2,115.29	2,528.21
GBP (in lakh)	0.20	0.03
INR (₹)	18.54	3.06
SGD (in lakh)	0.01	0.01
INR (₹)	0.27	0.27
JPY (in lakh)	351.25	370.18
INR (₹)	246.02	230.92
Export trade receivables:		
EURO (in lakh)	27.00	29.62
INR (₹)	2,250.39	2,298.11
USD (in lakh)	11.94	16.51
INR (₹)	900.66	1,141.64
GBP (in lakh)	1.03	1.15
INR (₹)	96.67	103.25
AUD (in lakh)	-	0.05
INR (₹)	-	2.64
JPY (in lakh)	-	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:

Particulars	31st March, 2020	31st March, 2019
Foreign exchange forward contracts to sell foreign currency		
EURO (in lakh)	11.75	0.75
INR (₹)	988.58	58.18
USD (in lakh)	20.75	-
INR (₹)	1,569.75	-
Foreign exchange forward contracts to buy foreign currency		
EURO (in lakh)	-	0.72
INR (₹)	-	55.95
USD (in lakh)	-	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, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Sensitivity

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

Particulars	Currency	Strengthening		Weakening	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Financial assets					
1% movement	EURO	(8.77)	-7.03	8.77	7.03
4% movement	USD	32.37	36.05	(32.37)	(36.05)
1% movement	YEN	1.64	1.45	(1.64)	(1.45)

(ii) Interest rate risk

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

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

Particulars	31st March, 2020	31st March, 2019
Variable rate borrowing	15,291.09	15,392.24
Fixed rate borrowing	56.92	122.63
Total borrowings	**15,348.01**	**15,514.87**

Sensitivity

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

Particulars	31st March, 2020	31st March, 2019
Interest rates – increase by 50 basis points	(50.93)	(50.03)
Interest rates – decrease by 50 basis points	50.93	50.03

iii) Assets

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

iv) Price risk

Exposure

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

Particulars	31st March, 2020	31st March, 2019
Investments carried at fair value through other comprehensive income	674.00	2,009.39
Total investments	**674.00**	**2,009.39**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Sensitivity

Investments carried at fair value through other comprehensive income

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

Particulars	31st March, 2020	31st March, 2019
Fair value – increase by 500 bps	26.20	77.06
Fair value – decrease by 500 bps	(26.20)	(77.06)

NOTE - 37

A Capital management

The Company's capital management objectives are

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

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

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

The Company's adjusted net debt to equity ratio at 31st March, 2020 was as follows.

Particulars	31st March, 2020	31st March, 2019
Total borrowings	15,428.81	15,647.00
Less : cash and cash equivalents	370.94	231.84
Net debt	**15,057.87**	**15,415.16**
Total equity	17,790.07	18,419.62
Adjusted net debt to adjusted equity ratio	**0.85**	**0.84**

B Dividend

Particulars	31st March, 2020	31st March, 2019
Proposed dividend		
Proposed dividend for the year ended 31st March, 2020 - ₹ 0.50 per share (31st March, 2019 - ₹ 1.80 per share)	61.73	222.22
Dividend distribution tax	-	45.68
Final dividend paid		
Proposed dividend for the year ended 31st March, 2019 - ₹ 1.80 per share (31st March, 2018 - ₹ 1.50 per share)	222.22	185.18
Dividend distribution tax	45.68	38.07

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38. RELATED PARTY TRANSACTIONS

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

i) Parties where control exists:

Jointly controlled entities

(i) Nippon Leakless Talbros Private Limited

(ii) Magneti Marelli Talbros Chassis Systems Private Limited

(iii) Talbros Marugo Rubber Private Limited

Investing party in respect of which the Company is a subsidiary

(i) Talbros International Private Limited

Key management personnel and their relatives

(i) Mr. Naresh Talwar

(ii) Mr. Umesh Talwar

(iii) Mr. Varun Talwar

(iv) Mr. Anuj Talwar

(v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)

(vi) Mr. Vidur Talwar

(vii) Mr. Navin Juneja

(viii) Mr. Anil Kumar Mehra

(ix) Mr. Rajive Sawhney (till 5th September, 2018)

(x) Mr. V. Mohan

(xi) Mr. Amit Burman

(xii) Mr. R. R. Vederah

(xiii) Mrs. Priyanka Gulati (with effect from 25th May, 2018)

(xiv) Mr. Ajay Kumar Vij (with effect from 02 January, 2019)

(xv) Mr. Manish Khanna - Chief Financial Officer

(xvi) Ms. Seema Narang - Company Secretary

Enterprise over which key management personnel exercise significant influences

(i) QH Talbros Private Limited

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38. RELATED PARTY TRANSACTIONS (CONTD.)

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

(a) Transactions with joint ventures and associates:

S. No.	Particulars	31st March, 2020	31st March, 2019
1	**Sale of goods**		
	QH Talbros Private Limited	4,773.55	5,600.84
	Nippon Leakless Talbros Private Limited	32.68	30.62
	Talbros Marugo Rubber Private Limited	1.06	-
	Magneti Marelli Talbros Chassis Systems Private Limited	0.06	0.01
2	**Sale of services**		
	Talbros Marugo Rubber Private Limited	35.40	35.40
3	**Royalty income**		
	QH Talbros Private Limited	105.75	121.11
4	**Purchase of goods**		
	Nippon Leakless Talbros Private Limited	91.13	128.37
	QH Talbros Private Limited	-	1.25
	Talbros Marugo Rubber Private Limited	6.60	6.03
	Magneti Marelli Talbros Chassis Systems Private Limited	-	0.04
5	**Dividend received**		
	Nippon Leakless Talbros Private Limited	240.00	480.00
	QH Talbros Private Limited	10.68	10.68
6	**Lease rental income**		
	Magneti Marelli Talbros Chassis Systems Private Limited	180.00	156.88
7	**Reimbursement of expenses/payments**		
	Magneti Marelli Talbros Chassis Systems Private Limited	115.34	127.65
	Talbros Marugo Rubber Private Limited	0.33	0.05
	Talbros International Private Limited	4.96	36.57
8	**Dividend paid**		
	Talbros International Private Limited	93.00	76.66

Note: All transactions are inclusive of taxes, wherever applicable

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

S. No.	Balance Outstanding at the end of the year	31st March, 2020	31st March, 2019
1	**Outstanding balance included in financial assets (Trade receivable)**		
	Talbros Marugo Rubber Private Limited	66.22	36.82
	QH Talbros Private Limited	1,150.66	1,246.76
	Magneti Marelli Talbros Chassis Systems Private Limited	6.10	10.43
2	**Outstanding balance included in financial liabilities**		
	Nippon Leakless Talbros Private Limited	15.61	56.28
	Magneti Marelli Talbros Chassis Systems Private Limited	22.26	22.26
	QH Talbros Private Limited	-	5.85
	Talbros Marugo Rubber Private Limited	2.21	-

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38. RELATED PARTY TRANSACTIONS (CONTD.)

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

S. No.	Particulars	31st March, 2020	31st March, 2019
1	**Remuneration**		
	Short-term employee benefits		
	Mr. Umesh Talwar	159.40	163.13
	Mr. Anuj Talwar	136.51	139.70
	Mr. Manish Khanna	36.27	37.73
	Ms. Seema Narang	23.46	26.30
	Other long-term benefits		
	Mr. Umesh Talwar	0.22	14.24
	Mr. Anuj Talwar	2.18	9.89
	Mr. Manish Khanna	1.39	1.27
	Ms. Seema Narang	0.29	0.07
	Post-employment benefits		
	Mr. Umesh Talwar	15.98	43.89
	Mr. Anuj Talwar	17.42	27.88
	Mr. Manish Khanna	2.73	2.18
	Ms. Seema Narang	3.31	3.38
	Fee for attending board & committee meetings to all the KMP's	10.65	9.65
2	**Rent paid**		
	Mrs. Kum Kum Talwar	7.20	7.20

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

A Contingent liabilities

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

Particulars	Nature of dues	31st March, 2020	31st March, 2019
(i) Service tax	Cenvat credit disallowed	11.53	11.53
(ii) Central sales tax	Central sales tax	-	0.55
(iii) Haryana value added tax	Disallowance of input tax	2.74	2.74
(iv) Customs Act	Demand of custom duty (includes ₹ 4.13 lacs paid under protest, 31st March, 2019: ₹ 4.13 lacs)	36.09	36.09
(v) Employee's state insurance	ESI demand	47.57	47.57
(vi) Income tax	Income tax demand on disallowance of expenditures	39.55	39.55
(vii) Central excise	Objection on exemption on some of the products sold from Sitarganj Plant (includes amount paid under protest: Nil, 31st March, 2019 : ₹ 83.75 lacs)	-	440.90
(viii) Municipal Corporation of Faridabad	Demand for external development charges	255.00	255.00
(ix) Labour disputes	Litigations filed by employees	35.00	43.00
(x) Bonus payable*	Bonus payable for F.Y 2014-15	40.23	40.23
Total		**467.71**	**917.16**

*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.

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

(2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 155.98 lacs (31st March, 2019: ₹ 45.60 lacs).

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

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 767.69 lacs (31st March, 2019: ₹ 451.13 lacs).

NOTE 40.

(i) Leases disclosure as lessee

Operating leases

A The Company has taken vehicles and residential/commercial premises on lease. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. The Company is prohibited from selling or pledging the underlying leased assets as security.

B Lease liabilities are presented in the statement of financial position as follows:

Particulars	31st March, 2020	31st March, 2019
Non-curent	7.57	-
Current	10.93	-
Total	**18.50**	**-**

C The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Paritculars	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Vehicles	4	1-3	1.77

D Future minimum lease payments as on 31st March, 2020 are as follows:

Particulars	As at 31st March, 2020		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	11.41	0.48	10.93
1-2 years	7.81	0.93	6.88
2-3 years	0.83	0.14	0.69
	20.05	**1.55**	**18.50**

E Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Amount
Short term leases	26.66
Leases of low value assets	-
Variable lease payments	-
Total	**26.66**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 40. (I) LEASES DISCLOSURE AS LESSEE (CONTD.)

F Reconciliation of total lease commitments as on 31st March, 2019 to the lease liabilities recognised at 01st April, 2019.

The Company did not present any lease obligations as of 31st March, 2019 under Ind AS 17 as operating leases were considered cancellable and while the value of the lease liabilities as of 1st April, 2019 is primarily on account of assessment extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised and the effect of discounting such lease liabilities to the present value under Ind AS 116.

G Additional information on the right-of-use assets by class of assets is as follows:

Particulars	Carrying amount	Depreciation expense
As on 31st March, 2020		
Vehicles	17.60	10.20
Land	360.57	4.60
	378.17	**14.80**

(ii) Leases disclosure as lessor

Operating leases

The Company has given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 184.28 lacs (31st March, 2019: ₹ 143.27 lacs) on such lease is included in other income. Lease income is recognised in the statement of profit and loss under "Other income" (refer note 24). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

Particulars	31st March, 2020	31st March, 2019
Within one year	179.91	171.35
Later than one year but not later than five years	247.90	404.28
Later than five years	12.06	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.

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

Particulars	31st March, 2020	31st March, 2019
(a) Employer's contribution to Provident fund & other funds	188.54	155.65
(b) Employer's contribution to superannuation fund	12.36	14.81

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)

2 Other Long Term Employee Benefits

A Compensated absences- Earned leave

Risk

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

i) Amounts recognised in the balance sheet

Particulars	31st March, 2020	31st March, 2019
Present value of obligation at the end of the year	312.26	287.59
Fair value of plan assets	-	-
Unfunded liability/provision in balance sheet	(312.26)	(287.59)
Unfunded liability recognised in balance sheet	(312.26)	(287.59)

ii) Expenses recognised in statement of profit and loss

Particulars	31st March, 2020	31st March, 2019
Current service cost	100.48	96.60
Interest cost	19.47	16.13
Actuarial (gain)/loss net on account of:		
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	20.06	(2.94)
-Changes in experience adjustment	(49.29)	(5.08)
Cost recognised during the year	**90.72**	**104.71**

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

Particulars	31st March, 2020	31st March, 2019
Present value of defined benefit obligation at the beginning of the year	287.59	236.06
Current service cost	100.48	96.60
Interest cost	19.47	16.13
Actuarial (gain)/loss net	(29.23)	(8.02)
Benefits paid	(66.05)	(53.18)
Present value of defined benefit obligation at the end of the year	**312.26**	**287.59**

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

Particulars	31st March, 2020	31st March, 2019
Discount rate	6.85%	7.65%
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, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)

3 Defined benefit plans:

A Gratuity

Risk

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

i) Amounts recognised in the balance sheet

Particulars	31st March, 2020	31st March, 2019
Present value of obligation at the end of the year	715.31	637.26
Fair value of plan assets	628.85	416.84
Unfunded liability/provision in balance sheet	(86.46)	(220.42)
Unfunded liability recognised in balance sheet	(86.46)	(220.42)

ii) Expenses recognised in other comprehensive income

Particulars	31st March, 2020	31st March, 2019
Return on plan assets	4.45	2.00
Actuarial (gain)/loss on PBO	9.77	45.80
Expenses recognised in other comprehensive income	**14.22**	**47.80**

iii) Actuarial (gain)/loss on obligation

Particulars	31st March, 2020	31st March, 2019
Actuarial (gain)/loss net on account of:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	41.18	2.28
- Changes in experience adjustment	(31.41)	43.53

iv) Expenses recognised in statement of profit and loss

Particulars	31st March, 2020	31st March, 2019
Current service cost	61.81	54.53
Interest cost (net)	8.50	12.54
Cost recognised during the year	**70.31**	**67.07**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)

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

Particulars	31st March, 2020	31st March, 2019
Present value of defined benefit obligation at the beginning of the year	637.26	545.19
Current service cost	61.81	54.53
Interest cost	47.19	40.12
Actuarial (gain)/loss net	9.77	45.80
Benefits paid	(40.72)	(48.38)
Present value of defined benefit obligation at the end of the year	**715.31**	**637.26**

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

Particulars	31st March, 2020	31st March, 2019
Present value of plan assets at the beginning of the year	416.84	324.90
Return on plan assets	34.24	25.57
Contributions by employer	219.40	115.10
Benefits paid during the year	(41.63)	(48.73)
Present value of plan assets at the end of the year	**628.85**	**416.84**

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

Particulars	31st March, 2020	31st March, 2019
Discount rate	6.75%	7.65%
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)

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

For the year ended 31st March, 2020	For the year ended 31st March, 2019	31st March, 2020	31st March, 2019
April 2020- March 2021	April 2019- March 2020	144.06	143.14
April 2021- March 2025	April 2020- March 2024	300.68	269.23
April 2025- March 2030	April 2024- March 2029	179.37	193.35
April 2030 onwards	April 2029 onwards	686.31	628.52

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

For the year ended 31st March,2020	For the year ended 31st March, 2019	31st March, 2020	31st March, 2019
April 2020- March 2021	April 2019- March 2020	145.66	144.09
April 2021- March 2025	April 2020- March 2024	359.57	326.67
April 2025- March 2030	April 2024- March 2029	341.28	338.57
April 2030 onwards	April 2029 onwards	2,709.33	2,629.84

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)

viii) Sensitivity analysis for defined benefit obligation

Particulars	31st March, 2020	31st March, 2019
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 %	669.86	599.67
Impact due to decrease of 1.00 %	767.87	680.47
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 %	767.73	680.76
Impact due to decrease of 1.00 %	669.16	598.98

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,2020 is 17 to 19 years (31st March,2019: 18 to 19 years).

NOTE 42.

Research and development costs on inhouse Research and development centers amounting to ₹ 232.22 lacs (31st March, 2019: ₹ 209.58 lacs) were incurred during the year.

NOTE 43. SEGMENT INFORMATION

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

i Information about major customers

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

ii Information about geographical areas

Particulars	31st March, 2020	31st March, 2019
Revenue from operations attributed to:		
Country of domicile (India)	29,290.40	37,937.14
Foreign countries	9,239.01	10,347.65
Total	**38,529.41**	**48,284.79**

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

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

(a) Investments made:

Name of the investee	Amount invested during the year 2019-20	Amount as on 31st March, 2020	Amount invested during the year 2018-19	Amount as on 31st March, 2019
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Magneti Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	-	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-		-	
(iii) T & T Motors Private Limited	-	13.75	-	13.75
(iv) Caparo Power Limited - Equity shares	-	-	(114.71)	-
Investment in preference instruments				
(i) Caparo Power Limited - Preference shares	-	-	(25.49)	-
Investment in mutual funds				
(i) SBI mutual funds	-	-	-	-
Total	**-**	**3,264.07**	**(140.20)**	**3,264.07**

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

Name of the payee	Paid/ (recovered) during the year 2019-20	Outstanding amount as on 31st March, 2020*	Paid/ (recovered) during the year 2018-19	Outstanding amount as on 31st March, 2019*
(i) Fastech Builders Private Limited	-	45.00	(20.00)	45.00
(ii) Fastech Projects Private Limited	40.00	40.00	(55.00)	-
(iii) Bankey Bihari Engineers LLP	-	125.00	75.00	125.00
(iv) Express Engineers & Spares Private Limited	-	280.00	-	280.00
(v) 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 utilised for business purposes):

Name of the person on behalf of whom guarantee/counter guarantee is given	Outstanding amount as on 31st March, 2020	Outstanding amount as on 31st March, 2019
(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	200.00

Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

NOTE 45.

During the year ended 31st March,2020, the Company opted for Sabka Vishwas (Legacy Dispute Resolution) Scheme to settle an ongoing legal dispute with the Central Excise department for which the appeal was pending at CESTAT level. The Company has paid a total amount of ₹ 213.80 lacs (including ₹ 83.75 lacs paid under protest, in earlier years).

NOTE 46.

The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 357.71 lacs (31st March,2019: ₹ 677.04 lacs) to be adjusted against Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Company, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

NOTE 47.

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID-19 is significantly impacting business operation of the Group, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/ lock down of production facilities. On 24th March, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Consequently, the Company has assessed the impact of this pandemic on its business operations and has made detailed assessment of its liquidity position for next one year. The Company has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statement. The Company has performed sensitivity analysis on the assumptions used and based on current estimates and expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Company is expected to have sufficient cash flow to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The Impact of COVID-19 on the Company's financial statement may differ from the estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Company's business operations. The Company will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Talbros Automotive Components Limited

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

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th June, 2020

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Independent Auditors' Report

To the Members of Talbros Automotive Components Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of **Talbros Automotive Components Limited** ("the Company") and its jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement for Cash Flow and the consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statement including summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principle generally accepted in India, of the state of the affairs of the company and its jointly controlled entities as at March 31, 2020, 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.

Independent Auditors' Report (Contd.)

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	**COVID-19: Impact on financial reporting and audit procedures (as described in Note 50 of the standalone Ind AS financial statements)** Coronavirus disease 2019 ("COVID-19), was declared a global pandemic by World Health Organisation. COVID-19 has caused severe disruptions, caused by Government actions, consequent business decisions or economic environment developments. As a measure for containment of COVID19, lockdowns were imposed by Governments in various geographies where the Company operates. The extent to which COVID-19 impacts the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted. It has led to the reassessment of certain assumptions and judgements used in preparation of financial statements. Further the lockdown restrictions caused by COVID-19 has also necessitated alternative audit procedures to be used and required us to exercise significant judgement on their use.	Our audit procedures amongst others included the following: • Inquired with the Company on Government actions including tax breaks and incentives, consequent business decisions, subsequent events and other economic developments which could have an impact on the financial statements and ascertained whether the impact has been appropriately recorded. • Inquired with management the exposure to litigation or financial penalties that could adversely impact the Company's financial results in case of material interruption of supply and invocation of failure to supply clauses in several long-term contracts with customers in various geographies. Obtained and read the relevant agreements and correspondence with customer to assess the appropriateness of the impact of such clauses. • Revisited the assumptions in the ECL model to assess if any change was required to incorporate the impact of COVID-19. • Assessed the impact of COVID-19 on assumptions in matters involving use of significant judgements and estimations. • Regular inventory counts which are performed as at year-end could not be performed and hence alternative procedures have been performed and the inventory balances have been rolled back to year-end.

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

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

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

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

Independent Auditors' Report (Contd.)

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

Management's Responsibility for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

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

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

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

Independent Auditors' Report (Contd.)

the company and its jointly controlled entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the company and its jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Other Matter

The consolidated financial statements include the company's share of net profit (including other comprehensive income) of Rs. 784.38 lakhs for the year ended March 31, 2020, in respect of jointly controlled entities, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirement

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

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

(b) In our opinion, proper books of account as required by the law relating to the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.

(e) On the basis of the written representations received as on March 31, 2020 taken on record by the Board of Directors from other than one director who has subsequently resigned 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 March 31, 2020 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.

Independent Auditors' Report (Contd.)

(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 42 to the consolidated Ind AS financial statements.

(ii) The Company and its jointly controlled entity did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its jointly controlled entities during the year ended March 31, 2020.

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

(Akhil Bhalla)
Partner
Membership No. 505002
UDIN: 20505002AAAAGN6231

Place: New Delhi
Dated: June 29, 2020

Annexure I to Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Talbros Automotive Components Limited** (hereinafter referred to as "the Company") and its jointly controlled entities as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company and its jointly controlled entities, which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountant of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and those receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

Annexure I to Independent Auditors' Report (Contd.)

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us , the Company and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

(Akhil Bhalla)
Partner
Membership No. 505002
UDIN: 20505002AAAAGN6231

Place: New Delhi
Dated: June 29, 2020

Consolidated Balance Sheet
as at 31st March, 2020

(All amounts in INR lacs, unless otherwise stated)

	Note	31st March, 2020	31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	14,922.97	13,971.68
Capital work in progress	2	60.21	644.16
Investment property	3	292.18	308.59
Intangible assets	4	131.17	111.83
Intangible assets under development	4	18.50	18.50
Investments accounted for using the equity method	5	4,609.78	4,065.41
Financial assets			
Investments	6	674.00	2,009.39
Loans	7 A	151.44	121.58
Other financial assets	8 A	33.37	25.99
Current tax assets	9	239.41	-
Other non-current assets	10 A	362.65	449.39
Total non-current assets		**21,495.68**	**21,726.52**
Current assets			
Inventories	11	10,794.64	11,052.29
Financial assets			
Trade receivables	12	12,517.62	13,528.20
Cash and cash equivalents	13	370.94	231.84
Other bank balances	14	391.07	692.21
Loans	7 B	567.87	566.78
Other financial assets	8 B	143.30	73.96
Other current assets	10 B	1,704.16	1,892.30
Total current assets		**26,489.60**	**28,037.58**
Total assets		**47,985.28**	**49,764.10**
Equity and liabilities			
Equity			
Equity share capital	15	1,234.56	1,234.56
Other equity	16	18,557.29	18,642.47
Total equity		**19,791.85**	**19,877.03**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17 A	2,010.71	2,523.45
Other financial liabilities	18 A	31.79	13.15
Provisions	19 A	312.22	359.30
Deferred tax liabilities	20	290.86	270.89
Other non-current liabilities	21 A	66.44	97.97
Total non-current liabilities		**2,712.02**	**3,264.76**
Current liabilities			
Financial liabilities			
Borrowings	17 B	12,111.46	11,233.73
Trade payables	22		
(i) total outstanding dues of micro enterprises and small enterprises		97.61	132.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		10,462.41	11,594.20
Other financial liabilities	18 B	2,040.42	2,683.76
Other current liabilities	21 B	683.01	572.92
Provisions	19 B	86.50	148.70
Current tax liabilities	23	-	256.81
Total current liabilities		**25,481.41**	**26,622.31**
Total equity and liabilities		**47,985.28**	**49,764.10**
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements	1		

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

For and on behalf of Talbros Automotive Components Limited

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

per Akhil Bhalla
Partner
Membership No. 505002

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Manish Khanna
Chief Financial Officer

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

Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue			
Revenue from operations	24	38,529.41	48,284.79
Other income	25	571.04	714.51
Total income		**39,100.45**	**48,999.30**
Expenses			
Cost of materials consumed	26	20,762.44	26,592.73
Purchase of stock-in-trade	27	175.24	229.35
Changes in inventories of finished goods, stock in trade and work in progress	28	(456.62)	451.26
Employee benefits expenses	29	5,602.18	5,924.71
Finance costs	30	1,610.23	1,552.53
Depreciation and amortisation expense	31	1,917.05	1,790.12
Other expenses	32	8,711.98	9,995.01
Total expenses		**38,322.50**	**46,535.71**
Profit before exceptional items and tax		**777.95**	**2,463.59**
Exceptional items	33	(213.80)	-
Profit before share of profit in joint ventures and tax		**564.15**	**2,463.59**
Share of profit of joint ventures accounted for using the equity method		788.07	950.22
Profit before tax		**1,352.22**	**3,413.81**
Tax expense	34		
Current tax		133.75	882.71
Deferred tax		16.70	(76.41)
Earlier years tax adjustments (net)		(18.19)	(30.28)
Total tax expense		**132.26**	**776.02**
Profit for the year		**1,219.96**	**2,637.79**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(14.22)	(47.80)
Changes in fair value of FVOCI equity instruments		(1,335.39)	(578.60)
Share of other comprehensive income of joint ventures accounted for using the equity method		(3.69)	(3.45)
Income tax relating to items that will not be reclassified to profit or loss		316.07	151.52
Total other comprehensive income for the year		**(1,037.23)**	**(478.33)**
Total comprehensive income for the year		**182.73**	**2,159.46**
Earnings per equity share (Face value ₹ 10 per share)	35		
Basic (₹)		9.88	21.37
Diluted (₹)		9.88	21.37
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 June, 2020

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, 2020

(All amounts in INR lacs, unless otherwise stated)

A Equity share capital

Particulars	Balance as at 1st April, 2018	Changes in equity share capital during the year	Balance as at 31st March, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
Equity share capital	1,234.56	-	1,234.56	-	1,234.56

B Other equity

Particulars	Reserves and surplus				Equity instruments through Other Comprehensive Income	Total
	General reserve	Capital reserve	Securities premium	Retained earnings		
Balance as at 1st April, 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**
Profit for the year	-	-	-	1,219.96	-	1,219.96
Other comprehensive income for the year (net of tax impact)	-	-	-	(9.24)	(1,024.30)	(1,033.54)
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	(3.69)	-	(3.69)
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(222.22)	-	(222.22)
- Dividend distribution tax	-	-	-	(45.68)	-	(45.68)
Balance as at 31st March, 2020	**698.23**	**15.21**	**4,678.30**	**13,148.55**	**17.00**	**18,557.29**

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

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Manish Khanna
Chief Financial Officer

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

Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

Consolidated Statement of Cash Flow

for the year ended 31st March, 2020

(All amounts in INR lacs, unless otherwise stated)

Particulars		Year ended 31st March, 2020	Year ended 31st March, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	1,352.22	3,413.81
	Adjustments for:		
	Depreciation on property, plant and equipment, investment property and intangible assets	1,917.05	1,790.12
	Profit on sale of property, plant and equipment (net)	(52.80)	(35.62)
	Interest income	(111.14)	(104.44)
	Dividend income	(10.68)	(13.48)
	Share of profits of joint ventures	(788.07)	(950.22)
	Allowance for doubtful debts (net)	103.02	212.55
	Unrealised foreign exchange gain	(64.57)	(46.94)
	Advances written off	79.46	88.56
	Provisions no longer required written back	(79.46)	(88.56)
	Finance costs	1,610.23	1,552.53
	Operating profit before working capital changes	**3,955.27**	**5,818.31**
	Movement in working capital		
	Change in inventories	257.65	(127.43)
	Change in Trade receivables, other financial and non-financial assets	1,196.83	(1,763.63)
	Change in Trade payable, other financial and non-financial liabilities	(1,416.69)	(1,810.15)
	Cash generated from operating activities post working capital changes	**3,993.06**	**2,117.10**
	Income tax paid (net)	(292.45)	(478.50)
	Net cash generated from operating activities (A)	**3,700.61**	**1,638.60**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development)	(2,288.43)	(4,182.91)
	Proceeds from sale of property, plant and equipment	177.86	146.62
	Proceeds from sale of investments	-	140.20
	Movement in other bank balances	270.62	(243.64)
	Dividend received	250.68	493.49
	Interest received	134.27	93.03
	Net cash used in investing activities (B)	**(1,455.00)**	**(3,553.21)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings	1,815.85	5,300.63
	Repayment of borrowings	(1,985.21)	(1,706.05)
	Payment towards lease liabilities	(11.42)	-
	Dividend paid net (including tax)	(267.58)	(220.64)
	Interest paid	(1,658.15)	(1,548.91)
	Net cash used in financing activities (C)	**(2,106.51)**	**1,825.03**
	Decrease in cash and cash equivalents (A+B+C)	139.10	(89.58)
	Cash and cash equivalents at the beginning of the year	231.84	321.42
	Cash and cash equivalents at the end of the year (Refer note 13)	**370.94**	**231.84**

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

For and on behalf of Talbros Automotive Components Limited

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

per Akhil Bhalla
Partner
Membership No. 505002

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Manish Khanna
Chief Financial Officer

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

Seema Narang
Company Secretary

Place: Gurugram
Date: 29th June, 2020

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020

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 Groupis 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).

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, 2020 were authorized and approved by the Board of Directors on 29th June, 2020.

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

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

1.2 Basis of consolidation

Joint ventures

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

1.3 Use of estimates

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

1.4 Significant accounting policies

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

a) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading
- 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*

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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

b) Inventory

Inventories are valued as follows:

Raw material,stores and spares

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

Work in progress and finished goods

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

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

c) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if 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 Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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

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

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

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

De-recognition

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 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.

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	Amortization period
Major computer software	3-5 years
Technical know how	10 years

De-recognition

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognized as at 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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An 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) 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 rateand other costs like finance charges in respect of the leases recognized in accordance with Ind AS 116, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Government grant

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

Grant or subsidy relates to revenue, it is recognized

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

as income on a systematic basis in statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

i) Foreign currency transactions

Functional and presentation currency

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

Foreign currencies

Initial recognition

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

Subsequent measurement

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

Exchange differences arising on settlement or translation of monetary items are 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. 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 recognised in Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

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

j) Leases

Transition

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. The Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing at the date of initial application and right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Comparatives as at and for the year ended 31st March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31st March, 2019.Refer note 1.3(j) – Significant accounting policies – Leases in the financial statements for the year ended 31st March, 2019, for the policy as per Ind AS 17.

Refer note 43 for disclosures.

Group as a lessee

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

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

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

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

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

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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is 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 Group does not have any finance lease as a lessor.

k) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

l) Revenue recognition

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

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

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

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

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

Sale of goods and services

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

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

Dividend income

Dividend income is 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 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 amortised cost –A financial instrument is measured at amortised cost if both the following conditions are met:

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

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

ii. Financial assets at fair value

- Investments in equity instruments other than above –Investments inequity instruments which are held for trading are generally classified as at fair value through profit and loss

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition,on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are 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 Group 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.

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-recognised 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 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 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, 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.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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 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.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is 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).

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 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.

1.5 Significant management judgments in applying accounting policies and estimation uncertainty

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

Significant management judgments

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

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.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

Leases – The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Significant estimates

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

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

Fair value measurements

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

1.6 Standard issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification, which would have been applicable from 1 April 2020.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lacs, unless otherwise stated)

Particulars	Freehold land	Right of use - Land	Building	Leasehold improvements	Plant and equipment	Vehicles	Right of use - vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block														
As at 1st April, 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**
Additions*	-	-	1.30	-	2,837.26	0.54	27.80	1.70	16.10	80.00	-	-	2,964.70	-
Disposals/transfers	-	-	(0.10)	-	(179.04)	(16.65)	-	(10.91)	(9.30)	(11.06)	-	-	(227.06)	(583.95)
Balance as at 31st March, 2020	**702.62**	**413.99**	**3,120.67**	**15.79**	**20,761.08**	**438.25**	**27.80**	**590.85**	**423.70**	**957.73**	**105.72**	**10.52**	**27,568.72**	**60.21**
Accumulated depreciation														
As at 1st April, 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**	**-**
Charge for the year	-	4.60	111.20	-	1,540.89	51.62	10.20	65.96	32.84	64.16	6.88	-	1,888.35	-
Disposals	-	-	(0.07)	-	(59.42)	(12.29)	-	(10.58)	(8.63)	(11.01)	-	-	(102.00)	-
Balance as at 31st March, 2020	**-**	**53.42**	**1,354.71**	**15.79**	**9,385.66**	**290.84**	**10.20**	**500.15**	**358.84**	**579.85**	**86.30**	**9.99**	**12,645.75**	**-**
Net block as at 31st March, 2020	**702.62**	**360.57**	**1,765.96**	**-**	**11,375.42**	**147.41**	**17.60**	**90.70**	**64.86**	**377.88**	**19.42**	**0.53**	**14,922.97**	**60.21**
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 1st April, 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**

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

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

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

Nature of expense	31st March, 2020	31st March, 2019
Salaries and wages	218.69	225.65
Depreciation	58.55	63.30
Power and fuel	119.10	125.75
Repairs and maintenance	72.28	100.61
Processing charges and consumable	200.46	222.46
Total	**669.08**	**737.77**

(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.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 3. INVESTMENT PROPERTY

Particulars	Land	Building	Total
Gross block			
As at 1st April, 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**
Additions/transfers	-	-	-
Balance as at 31st March,2020	**2.81**	**512.27**	**515.08**
Accumulated depreciation			
As at 1st April, 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**
Charge for the year	-	16.41	16.41
Disposals/transfers	-	-	-
Balance as at 31st March,2020	**-**	**222.90**	**222.90**
Net block as at 31st March,2020	**2.81**	**289.37**	**292.18**
Net block as at 31st March,2019	**2.81**	**305.78**	**308.59**
Net block as at 1st April 2018	**-**	**295.14**	**295.14**

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

Particulars	31st March, 2020	31st March, 2019
Rental income	184.28	143.27
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	**184.28**	**143.27**
Less: depreciation expense	16.41	15.45
Profit from leasing of investment property after depreciation	**167.87**	**127.82**

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

(ii) Leasing arrangements

Investment property comprises of a building which is leased to tenant under long-term operating leases with rentals payable monthly. Refer note 43 for details on future minimum lease rentals.

(iii) Fair value of investment property:

Particulars	31st March, 2020	31st March, 2019
Fair value	608.07	526.10

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

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 4. INTANGIBLE ASSETS

Particulars	Computer software	Technical know-how	Total	Intangible assets under development
Gross block				
As at 1st April, 2018	255.12	471.61	726.73	63.47
Additions	80.87	-	80.87	-
Internally developed	-	-	-	(44.97)
Balance as at 31st March, 2019	**335.99**	**471.61**	**807.60**	**18.50**
Additions	90.18	-	90.18	-
Disposals	(9.54)	-	-9.54	-
Internally developed	-	-	-	-
Balance as at 31st March, 2020	**416.63**	**471.61**	**888.24**	**18.50**
Accumulated amortisation				
As at 1st April, 2018	207.04	450.60	657.64	-
Amortisation charge for the year	25.53	12.60	38.13	-
Balance as at 31st March, 2019	**232.57**	**463.20**	**695.77**	**-**
Amortisation charge for the year	62.43	8.41	70.84	-
Disposals	(9.54)		-9.54	
Balance as at 31st March, 2020	**285.46**	**471.61**	**757.07**	**-**
Net block as at 31st March, 2020	**131.17**	**0.00**	**131.17**	**18.50**
Net block as at 31st March, 2019	**103.42**	**8.41**	**111.83**	**18.50**
Net block as at 1st April, 2018	**48.08**	**21.01**	**69.09**	**63.47**

Notes:

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

(ii) Research and development expenses

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

NOTE 5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD^

	As at 31st March, 2020	As at 31st March, 2019
(i) Investments in equity instruments		
Joint ventures		
(Unquoted)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31st March, 2019: 4,800,000 shares) of ₹ 10 each	2,135.46	1,997.58
Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31st March, 2019: 11,780,000 shares) of ₹ 10 each	1,787.51	1,371.84
Talbros Marugo Rubber Private Limited 9,500,000 shares (31st March, 2019: 9,500,000 shares) of ₹ 10 each	686.81	695.99
	4,609.78	**4,065.41**

^Refer note 41 - Group information for summarised financial information of joint ventures.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 6. INVESTMENTS

		As at 31st March, 2020	As at 31st March, 2019
(i)	**Investments in equity instruments**		
	(Unquoted, at fair value through other comprehensive income)		
	QH Talbros Private Limited 177,962 shares (31st March, 2019: 177,962 shares) of ₹ 10 each	5.00	19.98
	Talbros International Private Limited 1,326,970 shares (31st March, 2019: 1,326,970 shares) of ₹ 10 each	650.00	1,966.11
	T & T Motors Limited 83,333 shares (31st March, 2019: 83,333 shares) of ₹ 10 each	19.00	23.30
		674.00	**2,009.39**
	Aggregate amount of quoted investments	-	-
	Aggregate market value of quoted investments	-	-
	Aggregate amount of unquoted investments	674.00	2,009.39
	Aggregate amount of impairment in value of investments	-	-

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31st March, 2020	As at 31st March, 2019
Nippon Leakless Talbros Private Limited	India	40.00%	40.00%
Magneti Marelli Talbros Chassis Systems Private Limited	India	50.00%	50.00%
Talbros Marugo Rubber Private Limited	India	50% less one share	50% less one share

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

NOTE 7.

A	**Loans - non current**		
	(Unsecured, considered good)		
	Security deposits	151.44	121.58
		151.44	**121.58**
B	**Loans - current**		
	(Unsecured, considered good)		
	Inter-corporate deposit	543.74	566.78
	Security deposits	24.13	-
		567.87	**566.78**

NOTE 8.

A	**Other financial assets - non-current**		
	(Unsecured, considered good)		
	Bank deposits with more than 12 months maturity*	33.37	25.99
		33.37	**25.99**

**Under lien with banks as security against borrowings.*

B	**Other financial assets - current**		
	(Unsecured, considered good)		
	Loan to employees	68.96	64.30
	Derivative assets on forward contracts	-	4.59
	Claims and other recoverable	74.34	5.07
		143.30	**73.96**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 9. CURRENT TAX ASSETS

	31st March, 2020	31st March, 2019
Advance income tax	1,334.65	-
Less: Provision for taxation	(1,095.24)	-
	239.41	**-**

NOTE 10.

A	**Other non-current assets**		
	Accrued lease income	9.40	-
	Capital advances	353.25	449.39
		362.65	**449.39**
B	**Other current assets**		
	Advances to suppliers		
	- Considered good	433.42	464.88
	- Considered doubtful	13.93	13.93
	Balance with government authorities		
	- Considered good	945.48	1,047.82
	- Considered doubtful	73.95	64.62
	Prepaid expenses	64.66	80.23
	Accrued lease income	0.30	-
	Others	260.30	299.37
		1,792.04	**1,970.85**
	Less : Provision for doubtful advances	(87.88)	(78.55)
		1,704.16	**1,892.30**

NOTE 11. INVENTORIES

(Lower of cost or net realizable value)		
Raw material	3,564.72	4,347.27
Work in progress	5,002.66	4,809.02
Finished goods including stock in Trade	1,732.94	1,469.96
Stores and spares	494.32	426.04
	10,794.64	**11,052.29**
i) The above includes goods in transit as under:		
Raw material	593.29	659.37
Stores and spares	0.44	5.80
	593.73	**665.17**

NOTE 12. TRADE RECEIVABLES

Trade receivables considered good - unsecured	12,517.62	13,528.20
Trade receivables which have significant increase in credit risk	316.56	302.34
	12,834.18	**13,830.54**
Less: Allowance for doubtful debts	(316.56)	(302.34)
	12,517.62	**13,528.20**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 12. TRADE RECEIVABLES (CONTD.)

	31st March, 2020	31st March, 2019
Includes trade receivables from companies in which directors are interested		
Magneti Marelli Talbros Chassis Systems Private Ltd.	6.10	10.43
Talbros Marugo Rubber Private Limited	66.22	36.82
QH Talbros Private Limited	1,150.66	1,246.76

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

Cash on hand	32.88	40.61
Balances with banks		
- in current accounts	330.98	127.83
Deposits with original maturity less than 3 months	7.08	63.40
	370.94	**231.84**

NOTE 14. OTHER BANK BALANCES

Term deposits	67.77	95.70
Margin money deposits (under lien with banks)	299.42	572.95
Earmarked balances with banks		
- Unpaid dividend account	23.88	23.56
	391.07	**692.21**

NOTE 15. EQUITY SHARE CAPITAL

		As at 31st March, 2020		As at 31st March, 2019	
		No. of shares	Amount	No. of shares	Amount
i	**Authorised**				
	Equity shares of ₹ 10 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
		2,00,00,000	**2,000.00**	**2,00,00,000**	**2,000.00**
ii	**Issued, subscribed and fully paid up**				
	Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
		1,23,45,630	**1,234.56**	**1,23,45,630**	**1,234.56**
iii	**Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**				
	Equity shares				
	Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
	Changes during the year	-	-	-	-
	Balance at the end of the year	**1,23,45,630**	**1,234.56**	**1,23,45,630**	**1,234.56**

iv **Terms/ rights attached to equity shares**

'The 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.

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 15. EQUITY SHARE CAPITAL (CONTD.)

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

	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	%	No. of shares	%
Name of the equity shareholders				
Talbros International Private Limited	52,61,597	42.62%	51,10,350	41.39%

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

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

NOTE 16. OTHER EQUITY

	As at 31st March, 2020	As at 31st March, 2019
General reserve	698.23	648.23
Retained earnings	13,148.55	12,259.43
Capital reserve	15.21	15.21
Securities premium reserve	4,678.30	4,678.30
Equity instruments through other comprehensive income	17.00	1,041.30
Total other equity	**18,557.29**	**18,642.47**

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 rentained earnings to General reserve represents transfer as per the provision of Companies Act on dividend distribution.

ii Retained earnings

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

iii Capital reserve

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

iv Securities premium reserve

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

v Equity instruments through other comprehensive income

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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 17.

A Long term borrowings

	As at 31st March, 2020	As at 31st March, 2019
Secured		
Term Loans		
From banks - Rupee loan		
- IDFC First bank	49.99	149.98
- Kotak Mahindra bank	376.05	200.90
- Vehicle Loans	24.04	53.68
From banks - foreign currency loan		
- IDFC First bank	295.37	517.97
From Others		
- Bajaj Finance Ltd.(Term Loan-II)	1,232.38	1,443.28
- Vehicle loans	32.88	37.58
Unsecured		
Deposits		
- From director	-	5.00
- From public	-	115.06
	2,010.71	**2,523.45**
Amount disclosed under other financial liabilities:		
Current maturity of long-term debts	1,225.84	1,757.69
Interest accrued on borrowings	80.80	132.13

Notes:

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

Particulars	Terms of repayment	Interest Rate	31st March, 2020	31st March, 2019
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%	49.99	149.98
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	9.15%	376.05	200.90

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 17. LONG TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31st March, 2020	31st March, 2019
Vehicle Loan	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	9.25% to 11.19%	24.04	53.68
From banks - foreign currency loan				
IDFC First Bank	24 to 48 equal monthly installment from the date of disbursement	3.00% to 3.25%	295.37	517.97
From others:				
Bajaj Finance Ltd. (Term Loan- II)	60 equal monthly installments from the date of loan	9.25% - 9.65%	1,232.38	1,443.28
Vehicle Loan	36 equal monthly installments from the date of loan	6.28%	32.88	37.58
Unsecured				
Deposits				
From director	Repayable within 3 years	11.00%	-	5.00
From public	Repayable within 2 to 3 years	9.50% - 11.00%	-	115.06
			2,010.71	**2,523.45**

		As at 31st March, 2020	As at 31st March, 2019
B	**Short term borrowings**		
	Secured		
	a) Working capital loan from bank		
	HDFC Bank*	4,208.50	3,983.12
	DBS Bank*	1,453.02	1,486.22
	Yes Bank*	176.62	1,884.22
	IDFC First Bank*	-	1,487.63
	Axis Bank*	1,755.93	-
	Federal Bank *	2,436.73	-
	Unsecured		
	a) Working capital loan from bank		
	HDFC Bank**	1,000.00	1,000.00
	b) Working capital loan from others		
	Bajaj Finance Limited**	500.00	500.00
	c) Deposits		
	Fixed deposits from public	-	-
	Inter-corporate deposit	100.00	100.00
	d) Borrowings on account of sales bill discounting		
	From banks	480.66	792.54
		12,111.46	**11,233.73**

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Yes Bank, IDFC First Bank, Federal 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.

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(All amounts in INR lacs, unless otherwise stated)

NOTE 17. SHORT TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31st March, 2020	31st March, 2019
Working capital loan, secured				
HDFC Bank	Within 365 days	5.85% - 9.50%	4,208.50	3,983.12
DBS Bank	Within 365 days	5.85% - 10.50%	1,453.02	1,486.22
Yes Bank	Within 365 days	6.00% - 10.25%	176.62	1,884.22
IDFC First Bank	Within 365 days	6.20% - 10.00%	-	1,487.63
Federal Bank	Within 365 days	8.50% - 8.85%	2,436.73	-
Axis Bank	Within 365 days	8.40% - 9.00%	1,755.93	-
Working capital loan, unsecured				
HDFC Bank	Within 180 days	8.50%-9.05%	1,000.00	1,000.00
Bajaj Finance Limited	Within 90 days	9.15% - 9.65%	500.00	500.00
Deposits, unsecured				
Inter-corporate deposit	Within 365 days	12.00%	100.00	100.00
Borrowings on account of sales bill discounting, unsecured				
From banks	Within 90 days	8.85%-9.50%	480.66	792.54
			12,111.46	**11,233.73**

C Reconciliation of liabilities arising from financing activities

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

Particulars	Lease liabilities	Long-term borrowings	Short-term borrowings^	Total
As at 31st March, 2019	-	4,281.14	11,264.29	**15,545.43**
Cash flow:				
- Proceeds	-	938.11	565.86	**1,503.97**
- Repayment (including matured deposits)	(11.42)	(1,982.70)	(2.51)	**(1,996.63)**
Other movements:				
- Movement in bills discounted from banks	-	-	311.88	**311.88**
Other non-cash movements:				
- Recognition of lease liabilities	29.92	-	-	**29.92**
As at 31st March, 2020	**18.50**	**3,236.55**	**12,139.52**	**15,394.57**

^including unclaimed matured deposits

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(All amounts in INR lacs, unless otherwise stated)

NOTE 18.

		As at 31st March, 2020	As at 31st March, 2019
A	**Other financial liabilities - non-current**		
	Security deposits	24.22	13.15
	Lease liabilities	7.57	-
		31.79	**13.15**
B	**Other financial liabilities - current**		
	Current maturity of long-term borrowings	1,225.84	1,757.69
	Derivative liability on forward contracts	22.90	-
	Interest accrued on borrowings	80.80	132.13
	Employee related payables	555.15	639.15
	Security deposits	26.60	18.10
	Unclaimed dividend	23.88	23.56
	Unclaimed matured deposits	28.05	30.55
	Interest accrued on unclaimed matured deposits	14.06	14.84
	Lease liabilities	10.93	-
	Other payables	52.21	67.74
		2,040.42	**2,683.76**

NOTE 19.

A	**Provisions - non-current**		
	Employees' post retirement/long-term benefits		
	Gratuity	83.96	150.41
	Compensated absences	228.26	208.89
		312.22	**359.30**

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

B	**Provisions - current**		
	Employees' post retirement/long-term benefits		
	Gratuity	2.50	70.00
	Compensated absences	84.00	78.70
		86.50	**148.70**

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

NOTE 20. DEFERRED TAX LIABILITIES

Deferred tax liabilities arising on account of :		
Depreciation	892.74	940.64
Equity instruments carried at FVOCI	0.94	312.03
Others	11.13	9.63
Deferred tax asset arising on account of :		
Minimum alternative tax credit#	357.71	677.04
Allowance for doubtful debts and advances	118.96	132.75
Disallowances u/s 43B	137.28	181.62
	290.86	**270.89**

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NOTE 20. DEFERRED TAX LIABILITIES (CONTD.)

Particulars	31st March, 2019	Adjusted from Provision for Taxation	Recognised in statement of profit and loss	Recognised in other comprehensive income	31st March, 2020
Deferred tax liability:					
Depreciation	940.64	-	(47.90)	-	892.74
Equity instruments carried at FVOCI	312.03	-	-	(311.09)	0.94
Others	9.63	-	1.50	-	11.13
Deferred tax asset:					
Minimum alternative tax credit	677.04	-319.33	-	-	357.71
Allowance for doubtful debts and advances	132.75	-	(13.79)	-	118.96
Disallowances u/s 43B	181.62	-	(49.31)	4.98	137.28
	270.89	**319.33**	**16.70**	**(316.07)**	**290.86**

Note:

(i)	**Breakup of amounts recognised in statement of profit and loss:**	**31st March, 2020**	**31st March, 2019**
	Recognised as part of:		
	- Deferred tax	16.70	(76.41)
		16.70	**(76.41)**

(ii) The Group does not recognise deferred tax liability (31st March, 2020 : ₹ 668.28 lacs and 31st March, 2019 : ₹ 850.48 lacs) with respect to unremitted retained earnings of joint ventures wherever it controls the timing of the distribution of profits and it is probable that the joint venture will not distribute the profits in the foreseeable future.

NOTE 21.

A	**Other non-current liabilities**		
	Deferred income	4.11	6.26
	Amount payable government authorities	62.33	91.71
		66.44	**97.97**

B	**Other current liabilities**		
	Advance from customers^	511.81	321.58
	Payable to statutory authorities	139.67	220.05
	Deferred income	2.14	2.14
	Amount payable government authorities	29.39	29.15
		683.01	**572.92**

^includes discount adjustment amounting to ₹ Nil (previous year ₹ 187.56 lacs)

^represents contract liabilities

Reconciliation of contract liabilities:		
Contract liabilities at the beginning of the year	321.58	294.56
Less: performance obligations satisfied in current year	(23.97)	(187.18)
Add: advance received during the year	214.20	214.20
Contract liabilities at the end of the year	**511.81**	**321.58**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 22. TRADE PAYABLES*

	31st March, 2020	31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	97.61	132.19
total outstanding dues of creditors other than micro enterprises and small enterprises	10,462.41	11,594.20
	10,560.02	**11,726.39**

**Refer note 39 for related party transactions*

The Group has received below information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March, 2020 and 31st March, 2019:

Particulars		31st March, 2020	31st March, 2019
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	97.61	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

	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation	-	1,299.01
Less: Advance income tax	-	(1,042.20)
	-	**256.81**

NOTE 24. REVENUE FROM OPERATIONS

	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of products	36,660.73	45,903.06
Sale of services	38.08	53.59
Other operating income	1,830.60	2,328.14
	38,529.41	**48,284.79**
Disaggregation of revenue:		
Gaskets	24,463.50	30,336.73
Forgings	12,197.25	15,528.55
Management fees	38.06	32.88
Others	1,830.60	2,386.63
	38,529.41	**48,284.79**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 25. OTHER INCOME

	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income on:		
- Inter corporate deposits	63.17	62.54
- Fixed deposits with banks	41.15	32.97
- Other financial assets at amortised cost	-	6.03
- Others	6.82	2.90
Dividend income from:		
- Related parties	10.68	10.68
- Others	-	2.80
Royalty	89.62	102.64
Lease rentals	184.28	143.27
Net gain on foreign currency transactions and translation	97.31	284.80
Profit on sale of property, plant and equipment (net)	52.80	35.62
Other non-operating income	25.21	30.26
	571.04	**714.51**

NOTE 26. COST OF MATERIALS CONSUMED

Opening inventory	4,347.27	3,796.46
Add: Purchases	19,979.89	27,143.54
	24,327.16	**30,940.00**
Less: Closing inventory	3,564.72	4,347.27
	20,762.44	**26,592.73**

Cost of raw materials consumed include:		
Tinplate/P.C.R.C.A/steel	5,218.55	7,117.31
Jointing	4,732.16	6,737.85
Forging steels	6,848.78	8,464.28
Bought out auto components and parts	2,176.99	2,611.00
Others	1,785.96	1,662.29
	20,762.44	**26,592.73**

NOTE 27. PURCHASE OF STOCK-IN-TRADE

Dyna bond	175.24	229.35
	175.24	**229.35**

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

Inventories at the end of the year:		
Finished goods (including stock in trade)	1,732.94	1,469.96
Work-in-progress	5,002.66	4,809.02
Inventories at the beginning of the year:		
Finished goods (including stock in trade)	1,469.96	1,456.55
Work-in-progress	4,809.02	5,273.69
Net decrease	**(456.62)**	**451.26**

Consolidated Notes to the Financial Statements
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(All amounts in INR lacs, unless otherwise stated)

NOTE 29. EMPLOYEE BENEFITS EXPENSE

	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages	4,962.54	5,226.33
Contributions to provident and other fund	320.76	298.62
Staff welfare expenses	318.88	399.76
	5,602.18	**5,924.71**

NOTE 30. FINANCE COSTS

Interest on borrowings	1,518.89	1,443.67
Interest on lease liabilities	2.12	-
Interest on others	2.07	1.75
Other borrowing cost	87.15	107.11
	1,610.23	**1,552.53**

NOTE 31. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on:		
- Property plant and equipment^	1,888.35	1,799.84
- Investment property	16.41	15.45
Amortisation of:		
- Intangible assets	70.84	38.13
	1,975.60	**1,853.42**
Less: depreciation capitalised	58.55	63.30
	1,917.05	**1,790.12**

^Includes depreciation on right of use assets ₹ 14.80 lacs (previous year ₹ Nil)

NOTE 32. OTHER EXPENSES

Other expenses		
Consumption of stores and spares parts	2,530.55	2,837.97
Labour and processing charges	432.95	526.34
Royalty	9.57	17.00
Power and fuel	1,659.78	2,002.72
Rent	26.66	31.65
Repairs to buildings	58.04	74.12
Repairs to plant & machinery	329.29	475.25
Repairs to other assets	137.46	172.88
Insurance	100.29	93.92
Travelling, tour & conveyance	829.24	602.71
Sales promotion expenses	193.70	284.34
Packing, freight & forwarding	1,541.92	1,841.89
Rates and taxes	18.04	26.55
Corporate social responsibility expenditure	0.50	28.60
Allowance for doubtful trade receivables/advances	103.02	212.55
Advances written off	79.46	88.56
Provisions no longer required written back	(79.46)	(88.56)
Legal and professional	206.15	166.01

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(All amounts in INR lacs, unless otherwise stated)

NOTE 32. OTHER EXPENSES (CONTD.)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Payment to auditors:		
-As Auditors:		
Audit fee	13.77	10.51
Tax audit fee	2.20	2.00
-In other capacity:		
Limited review	1.60	1.66
Other services	1.55	2.46
Out of pocket expenses	2.62	2.64
Donation	4.52	4.39
Miscellaneous expenses	508.56	576.85
	8,711.98	**9,995.01**

i Corporate social responsibility expenses

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

a) Gross amount required to be spent by the Company during the year is ₹ 34.87 lacs (31st March, 2019: ₹ 28.60 lacs).

b) Amount spent during the financial year ended 31st March, 2020 and 31st March, 2019 on:

Particulars	Year	Amount paid	Amount yet to be paid	Total
Contribution to Prime Minister's National Relief Fund	31st March, 2020	-	-	-
	31st March, 2019	0.60	-	0.60
Donation paid to charitable trust	31st March, 2020	0.50	34.37	34.87
	31st March, 2019	28.00	-	28.00

Amount computed is based upon profits as per previous GAAP.

NOTE 33. EXCEPTIONAL ITEMS

	31st March, 2020	31st March, 2019
Settlement of indirect tax litigation^	(213.80)	-
	(213.80)	**-**

^represents payment made on settlement of litigation under central excise.

NOTE 34. INCOME TAX

	Year ended 31st March, 2020	Year ended 31st March, 2019
Tax expense comprises of:		
Current tax	133.75	882.71
Deferred tax charge	16.70	(76.41)
Earlier years tax adjustments (net)	(18.19)	(30.28)
Income tax expense reported in the statement of profit and loss	**132.26**	**776.02**

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NOTE 34. INCOME TAX (CONTD.)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 33.384% and the reported tax expense in profit or loss are as follows:

	Year ended 31st March, 2020	Year ended 31st March, 2019
Accounting profit before income tax	**1,352.22**	**3,413.81**
At India's statutory income tax rate of 33.384% (31st March, 2019: 34.608%)	451.43	1,192.92
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact of exempted income	(83.69)	(172.44)
Earlier years tax adjustments (net)	(18.19)	(30.28)
Impact of tax on profit from joint ventures	(182.97)	(164.32)
Others	(34.32)	(49.87)
Income tax expense	**132.26**	**776.02**

NOTE 35. EARNINGS PER SHARE (EPS)

Profit attributable to equity shareholders	1,219.96	2,637.79
Profit attributable to equity shareholders adjusted for the effect of dilution	1,219.96	2,637.79
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	9.88	21.37
(2) Diluted	9.88	21.37

NOTE 36. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability

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

31st March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	674.00	674.00
Derivative assets on forward contracts	-	-	-	-
Total financial assets	**-**	**-**	**674.00**	**674.00**
Financial liabilities				
Derivative liability on forward contracts		22.90	-	22.90
Total financial liabilities	**-**	**22.90**	**-**	**22.90**

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for the year ended 31st March, 2020 (Contd.)

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NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

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

(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*	
	31st March, 2020	31st March, 2019		31st March, 2020	31st March, 2019	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	674.00	2,009.39	Terminal growth rate	5%	5%	31st March, 2020: ₹ 798.00 lacs 31st March, 2019: - ₹ 2,094.19 lacs	31st March, 2020: ₹ 567.00 lacs 31st March, 2018: - ₹ 1,938.01 lacs

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

(v) The following table presents the changes in level 3 items for the year ended 31st March,2020 and 31st March, 2019:

Particulars	Equity shares
As at 1st April, 2018	**2,702.69**
Acquisition during the year	(114.71)
Gain recognized in other comprehensive income	(578.59)
As at 31st March, 2019	**2,009.39**
Disposal during the year	-
Loss recognized in other comprehensive income	(1,335.39)
As at 31st March, 2020	**674.00**

(vi) Fair value of instruments measured at amortised cost

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

Particulars	Level	31st March, 2020		31st March, 2019	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	151.44	151.44	121.58	121.58
Other financial assets	Level 3	33.37	33.37	25.99	25.99
Total financial assets		**184.81**	**184.81**	**147.57**	**147.57**
Financial liabilities					
Borrowings	Level 3	3,317.35	3,317.35	4,413.27	4,413.27
Other financial liabilities	Level 3	24.22	24.44	13.15	13.30
Total financial liabilities		**3,341.57**	**3,341.79**	**4,426.42**	**4,426.57**

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for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

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

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March, 2020 was assessed to be insignificant.

NOTE 37. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

Particulars	31st March, 2020			31st March, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	674.00	-	-	2,009.39	-
Trade receivables	-	-	12,517.62	-	-	13,528.20
Loans	-	-	567.87	-	-	566.78
Cash and cash equivalents	-	-	370.94	-	-	231.84
Other bank balances	-	-	391.07	-	-	692.21
Other financial assets	-	-	176.67	4.59	-	95.36
Security deposits	-	-	151.44	-	-	121.58
Total financial assets	**-**	**674.00**	**14,175.61**	**4.59**	**2,009.39**	**15,235.97**
Financial liabilities						
Borrowings	-	-	15,428.81	-	-	15,647.00
Trade payables	-	-	10,560.02	-	-	11,726.39
Other financial liabilities	22.90	-	742.67	-	-	807.09
Total financial liabilities	**22.90**	**-**	**26,731.50**	**-**	**-**	**28,180.48**

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

(ii) Risk management framework

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required

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(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Holding Company has investments in equity shares, except for entities where it exercises control or joint control or significant influence.

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

(A) Credit risk

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

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

a) Credit risk management

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

A: Low

B: Medium

C: High

Assets under credit risk –

Credit rating	Particulars	31st March, 2020	31st March, 2019
A: Low	Loans	719.31	688.36
	Other financial assets	176.67	99.95
	Cash and cash equivalents	370.94	231.84
	Other bank balances	391.07	692.21
B: Medium	Trade receivables	12,834.18	13,830.55

Cash & cash equivalents and bank deposits

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

Trade receivables

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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Other financial assets measured at amortised cost

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

b) Expected credit losses

Trade receivables

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

Particulars	31st March, 2020		31st March, 2019	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross debtors where no specific default has occurred	12,250.69	583.49	12,304.42	1,526.12
Expected loss rate	2.25%	7.02%	2.14%	2.56%
Expected credit loss (loss allowance provision)	275.61	40.95	263.23	39.11

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

Reconciliation of loss allowance	Trade receivables
Loss allowance on 1st April, 2018	**192.61**
Add: Changes in loss allowances	109.73
Loss allowance on 31st March, 2019	**302.34**
Less: Changes in loss allowances	14.22
Loss allowance on 31st March, 2020	**316.56**

Other financial assets measured at amortised cost

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

(B) Liquidity risk

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

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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Financing arrangements

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Expiring within one year (cash credit and other facilities)	738.43	558.81
Expiring beyond one year (bank loans - floating rate)	1,270.31	940.31

Maturities of financial liabilities

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

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

31st March, 2020	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	13,777.53	2,160.26	286.50	**16,224.29**
Security deposit received	26.60	22.26	9.00	**57.86**
Trade payable	10,560.02	-	-	**10,560.02**
Other financial liabilities	788.46	8.64	-	**797.10**
Total	**25,152.61**	**2,191.16**	**295.50**	**27,639.27**

31st 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**

(C) Market risk

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

(i) Foreign exchange risk

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

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

'Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

Particulars	31st March, 2020	31st March, 2019
Import trade payables:		
EURO (in lakh)	11.21	15.69
INR (₹)	934.33	1,217.04
USD (in lakh)	28.04	36.56
INR (₹)	2,115.29	2,528.21
GBP (in lakh)	0.20	0.03
INR (₹)	18.54	3.06
SGD (in lakh)	0.01	0.01
INR (₹)	0.27	0.27
JPY (in lakh)	351.25	370.18
INR (₹)	246.02	230.92
Export trade receivables:		
EURO (in lakh)	27.00	29.62
INR (₹)	2,250.39	2,298.11
USD (in lakh)	11.94	16.51
INR (₹)	900.66	1,141.64
GBP (in lakh)	1.03	1.15
INR (₹)	96.67	103.25
AUD (in lakh)	-	0.05
INR (₹)	-	2.64
JPY (in lakh)	-	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:

Particulars	31st March, 2020	31st March, 2019
Foreign exchange forward contracts to sell foreign currency		
EURO (in lakh)	11.75	0.75
INR (₹)	988.58	58.18
USD (in lakh)	20.75	-
INR (₹)	1,569.75	-
Foreign exchange forward contracts to buy foreign currency		
EURO (in lakh)	-	0.72
INR (₹)	-	55.95
USD (in lakh)	-	4.81
INR (₹)	-	332.84

All the above contracts are maturing within one year.

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for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Sensitivity

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

Particulars	Currency	Strengthening		Weakening	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Financial assets					
1% movement	EURO	(8.77)	(7.03)	8.77	7.03
4% movement	USD	32.37	36.05	(32.37)	(36.05)
1% movement	YEN	1.64	1.45	(1.64)	(1.45)

(ii) Interest rate risk

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

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

Particulars	31st March, 2020	31st March, 2019
Variable rate borrowing	15,291.10	15,392.24
Fixed rate borrowing	56.92	122.63
Total borrowings	**15,348.01**	**15,514.87**

Sensitivity

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

Particulars	31st March, 2020	31st March, 2019
Interest rates – increase by 50 basis points	(50.93)	(50.03)
Interest rates – decrease by 50 basis points	50.93	50.03

iii) Assets

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

iv) Price risk

Exposure

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

Particulars	31st March, 2020	31st March, 2019
Investments carried at fair value through other comprehensive income	674.00	2,009.39
Total investments	**674.00**	**2,009.39**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Sensitivity

Investments carried at fair value through other comprehensive income

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

Particulars	31st March, 2020	31st March, 2019
Fair value – increase by 500 bps	26.20	77.06
Fair value – decrease by 500 bps	(26.20)	(77.06)

NOTE 38.

A Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern

- to provide an adequate return to shareholders

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

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

The Group's adjusted net debt to equity ratio at 31st March, 2020 was as follows.

Particulars	31st March, 2020	31st March, 2019
Total borrowings	15,428.81	15,647.00
Less : cash and cash equivalents	370.94	231.84
Net debt	**15,057.87**	**15,415.16**
Total equity	19,791.85	19,877.03
Adjusted net debt to adjusted equity ratio	**0.76**	**0.78**

B Dividend

Particulars	31st March, 2020	31st March, 2019
Proposed dividend		
Proposed dividend for the year ended 31st March, 2020 - ₹ 0.50 per share (31st March, 2019 - ₹ 1.80 per share)	61.73	222.22
Dividend distribution tax	-	45.68
Final dividend paid		
Proposed dividend for the year ended 31st March, 2019 - ₹ 1.80 per share (31st March, 2018 - ₹ 1.50 per share)	222.22	185.18
Dividend distribution tax	45.68	38.07

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for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS

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

i) Parties where control exists:

Jointly controlled entities

(i) Nippon Leakless Talbros Private Limited

(ii) Magneti Marelli Talbros Chassis Systems Private Limited

(iii) Talbros Marugo Rubber Private Limited

Investing party in respect of which the Company is a subsidiary

(i) Talbros International Private Limited

Key management personnel and their relatives

(i) Mr. Naresh Talwar

(ii) Mr. Umesh Talwar

(iii) Mr. Varun Talwar

(iv) Mr. Anuj Talwar

(v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)

(vi) Mr. Vidur Talwar

(vii) Mr. Navin Juneja

(viii) Mr. Anil Kumar Mehra

(ix) Mr. Rajive Sawhney (till 5 September 2018)

(x) Mr. V. Mohan

(xi) Mr. Amit Burman

(xii) Mr. R. R. Vederah

(xiii) Mrs. Priyanka Gulati (with effect from 25 May 2018)

(xiv) Mr. Ajay Kumar Vij (with effect from 02 January 2019)

(xv) Mr. Manish Khanna - Chief Financial Officer

(xvi) Ms. Seema Narang - Company Secretary

Enterprise over which key management personnel exercise significant influences

(i) QH Talbros Private Limited

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS (CONTD.)

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

(a) Transactions with joint ventures and associates:

S. No.	Particulars	31st March, 2020	31st March, 2019
1	**Sale of goods**		
	QH Talbros Private Limited	4,773.55	5,600.84
	Nippon Leakless Talbros Private Limited	32.68	30.62
	Talbros Marugo Rubber Private Limited	1.06	-
	Magneti Marelli Talbros Chassis Systems Private Limited	0.06	0.01
2	**Sale of services**		
	Talbros Marugo Rubber Private Limited	35.40	35.40
3	**Royalty income**		
	QH Talbros Private Limited	105.75	121.11
4	**Purchase of goods**		
	Nippon Leakless Talbros Private Limited	91.13	128.37
	QH Talbros Private Limited	-	1.25
	Talbros Marugo Rubber Private Limited	6.60	6.03
	Magneti Marelli Talbros Chassis Systems Private Limited	-	0.04
5	**Dividend received**		
	Nippon Leakless Talbros Private Limited	240.00	480.00
	QH Talbros Private Limited	10.68	10.68
6	**Lease rental income**		
	Magneti Marelli Talbros Chassis Systems Private Limited	180.00	156.88
7	**Reimbursement of expenses/payments**		
	Magneti Marelli Talbros Chassis Systems Private Limited	115.34	127.65
	Talbros Marugo Rubber Private Limited	0.33	0.05
	Talbros International Private Limited	4.96	36.57
8	**Dividend paid**		
	Talbros International Private Limited	93.00	76.66

Note: All transactions are inclusive of taxes, wherever applicable

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

S. No.	Balance Outstanding at the end of the year	31st March, 2020	31st March, 2019
1	**Outstanding balance included in financial assets (Trade receivable)**		
	Talbros Marugo Rubber Private Limited	66.22	36.82
	QH Talbros Private Limited	1,150.66	1,246.76
	Magneti Marelli Talbros Chassis Systems Private Limited	6.10	10.43
2	**Outstanding balance included in financial liabilities**		
	Nippon Leakless Talbros Private Limited	15.61	56.28
	Magneti Marelli Talbros Chassis Systems Private Limited	22.26	22.26
	QH Talbros Private Limited	-	5.85
	Talbros Marugo Rubber Private Limited	2.21	-

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(All amounts in INR lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS (CONTD.)

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

S. No.	Particulars	31st March, 2020	31st March, 2019
1	**Remuneration**		
	Short-term employee benefits		
	Mr. Umesh Talwar	159.40	163.13
	Mr. Anuj Talwar	136.51	139.70
	Mr. Manish Khanna	36.27	37.73
	Ms. Seema Narang	23.46	26.30
	Other long-term benefits		
	Mr. Umesh Talwar	0.22	14.24
	Mr. Anuj Talwar	2.18	9.89
	Mr. Manish Khanna	1.39	1.27
	Ms. Seema Narang	0.29	0.07
	Post-employment benefits		
	Mr. Umesh Talwar	15.98	43.89
	Mr. Anuj Talwar	17.42	27.88
	Mr. Manish Khanna	2.73	2.18
	Ms. Seema Narang	3.31	3.38
	Fee for attending board & committee meetings to all the KMP's	10.65	9.65
2	**Rent paid**		
	Mrs. Kum Kum Talwar	7.20	7.20

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for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 40. Additional Information As Required By Paragraph 2 Of The General Instructions For Preparation Of Consolidated Financial Statements To Schedule III To The Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss ^		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total consolidated income	Amount
Parent								
Talbros Automotive Components Limited	76.71%	15,182.07	31.36%	382.55	99.64%	(1,033.55)	-356.26%	(651.00)
Joint venture (Investment as per the equity method)								
Indian								
Nippon Leakless Talbros Private Limited	10.79%	2,135.46	35.27%	430.28	0.29%	(3.05)	233.80%	427.23
Magneti Marelli Talbros Chassis Systems Private Limited	9.03%	1,787.51	34.28%	418.23	-0.19%	1.93	229.94%	420.16
Talbros Marugo Rubber Private Limited	3.47%	686.81	-0.91%	-11.10	0.25%	(2.56)	-7.48%	(13.66)
Total	**100.00%**	**19,791.85**	**100.00%**	**1,219.96**	**100.00%**	**(1,037.23)**	**100.00%**	**182.73**

^ Holding company share in consolidated Profit or Loss is calculated after adjustment of CDT on dividend received

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(All amounts in INR lacs, unless otherwise stated)

NOTE 41. GROUP INFORMATION

(a) Interests in joint ventures

Set out below are joint ventures of the Holding Company as at 31st March, 2020 which, in the opinion of the directors, are material to the Holding Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Holding Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
Nippon Leakless Talbros Private Limited	India	40%	Joint Venture	Equity method
Talbros Marugo Rubber Private Limited	India	50% less one share	Joint Venture	Equity method
Magnetti Marelli Talbros Chassis Systems Private Limited	India	50%	Joint Venture	Equity method

(i) Contingent liabilities and commitments (net of advance) in respect of joint ventures for which the Holding Company is liable.

(a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 7.97 lacs (31st March, 2019: ₹ 149.99 lacs).

(b) Outstanding exports commitments against EPCG license amounting to ₹ 397.55 lacs (31st March, 2019 : ₹ 136.55 lacs)

(c) Guarantees executed in favour of customers and authorities amounting to ₹ 18.83 lacs (31st March, 2019: ₹ 122.12 lacs).

(d) Income tax demands pending in appeals

Income tax demand on disallowance of expenditures amounting to ₹ 94.43 lacs (31st March, 2019: ₹ 256.95 lacs).

(e) Custom duty

Differential custom duty due to dispute over classificcation of goods amounting to ₹ 24.51 lacs (31st March, 2019: ₹ 24.51 lacs).

(f) Bonus payable amounting to ₹ 1.33 lacs (31st March, 2019: ₹ 1.33 lacs).

(ii) Summarised financial information for joint venture

The tables below provide summarised financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Holding Company's share of those amounts.

Summarised balance sheet	Nippon Leakless Talbros Private Limited		Talbros Marugo Rubber Private Limited		Magnetti Marelli Talbros Chassis Systems Private Limited	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Current assets						
Cash and cash equivalents	792.01	754.49	128.93	106.23	406.45	17.74
Other assets	4,334.28	4,449.68	1,254.36	1,467.75	3,342.95	2,938.56
Total current assets	**5,126.29**	**5,204.17**	**1,383.29**	**1,573.98**	**3,749.40**	**2,956.30**
Property, plant and equipment	2,041.00	2,020.69	2,346.73	1,956.82	2,907.67	1,971.67
Other assets	241.97	166.68	285.30	797.29	1,558.17	509.33
Total non-current assets	**2,282.97**	**2,187.37**	**2,632.03**	**2,754.11**	**4,465.84**	**2,481.00**

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Summarised balance sheet	Nippon Leakless Talbros Private Limited		Talbros Marugo Rubber Private Limited		Magnetti Marelli Talbros Chassis Systems Private Limited	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Current liabilities						
Trade payables	1,877.69	2,149.36	1,155.29	1,393.29	1,932.53	1,399.50
Financial liabilities (excluding trade payables)	39.50	46.97	697.79	608.47	524.99	325.26
Other liabilities	29.34	52.22	45.09	38.72	231.17	480.66
Total current liabilities	**1,946.53**	**2,248.55**	**1,898.17**	**2,040.48**	**2,688.69**	**2,205.42**
Non-current liabilities						
Financial liabilities	7.21	-	687.70	847.50	1,856.30	437.45
Other liabilities	116.88	149.07	55.81	48.13	95.23	50.75
Total non-current liabilities	**124.09**	**149.07**	**743.51**	**895.63**	**1,951.53**	**488.20**
Net assets	**5,338.64**	**4,993.92**	**1,373.64**	**1,391.98**	**3,575.02**	**2,743.68**

Reconciliation to carrying amounts

Particulars	Nippon Leakless Talbros Private Limited		Talbros Marugo Rubber Private Limited		Magnetti Marelli Talbros Chassis Systems Private Limited	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Opening net assets	**4,993.92**	4,914.75	**1,391.98**	1,330.78	**2,743.68**	1,934.84
Equity share capital issued during the year	-	-	-	-		-
Profit/ (loss) for the year	1,075.69	1,526.98	(22.19)	68.14	836.47	807.88
Other comprehensive income	(7.65)	(1.15)	3.85	(6.94)	(5.13)	0.96
Dividends paid	(723.32)	(1,446.66)	-	-	-	-
Closing net assets	**5,338.64**	**4,993.92**	**1,373.64**	**1,391.98**	**3,575.02**	**2,743.68**
Holding Company's share in %	40.00%	40.00%	50.00%	50.00%	50.00%	50.00%
Holding Company's share in Indian Rupees	2,135.46	1,997.57	686.82	695.99	1,787.51	1,371.84
Carrying amount as at 31st March, 2020 and 31st March, 2019	**2,135.46**	1,997.57	**686.82**	695.99	**1,787.51**	1,371.84

Summarised statement of profit and loss

Particulars	Nippon Leakless Talbros Private Limited		Talbros Marugo Rubber Private Limited		Magnetti Marelli Talbros Chassis Systems Private Limited	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Revenue	10,506.98	12,104.92	4,602.72	5,204.82	13,677.69	12,991.07
Other income	130.10	107.63	3.53	4.03	7.20	418.33
Depreciation and amortisation	332.11	260.46	316.05	217.98	338.82	223.96
Income tax expense	337.84	593.38	8.85	42.41	335.73	301.19
Profit/(loss) for the year	**1,075.69**	**1,526.98**	**(22.19)**	**68.14**	**836.47**	**807.88**
Other comprehensive income	(7.65)	(1.15)	3.85	(6.94)	(5.13)	0.96
Total comprehensive income	**1,068.04**	**1,525.83**	**(18.34)**	**61.20**	**831.34**	**808.84**
Dividends received (excluding dividend distribution tax)	240.00	480.00	-	-	-	-

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 42. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

A Contingent liabilities

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

Particulars	Nature of dues	31st March, 2020	31st March, 2019
(i) Service tax	Cenvat credit disallowed	11.53	11.53
(ii) Central sales tax	Central sales tax	-	0.55
(iii) Haryana value added tax	Disallowance of input tax	2.74	2.74
(iv) Customs Act	Demand of custom duty (includes ₹ 4.13 lacs paid under protest, 31st March, 2019: ₹ 4.13 lacs)	36.09	36.09
(v) Employee's state insurance	ESI demand	47.57	47.57
(vi) Income tax	Income tax demand on disallowance of expenditures	39.55	39.55
(vii) Central excise	Objection on exemption on some of the products sold from Sitarganj Plant (includes amount paid under protest: Nil, 31st March, 2019 : ₹ 83.75 lacs)	-	440.90
(viii) Municipal Corporation of Faridabad	Demand for external development charges	255.00	255.00
(ix) Labour disputes	Litigations filed by employees	35.00	43.00
(x) Bonus payable*	Bonus payable for F.Y 2014-15	40.23	40.23
Total		**467.71**	**917.16**

*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 ₹ 155.98 lacs (31st March, 2019: ₹ 45.60 lacs).

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

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 767.69 lacs (31st March 2019: ₹ 451.13 lacs).

NOTE 43.

(i) Leases disclosure as lessee

A The Holding Company has taken vehicles and residential/commercial premises on lease. There are no restrictions placed upon the Holding Company by entering into these leases and there are no subleases. The Holding Company is prohibited from selling or pledging the underlying leased assets as security.

B Lease liabilities are presented in the statement of financial position as follows:

Particulars	31st March, 2020	31st March, 2019
Non-curent	7.57	-
Current	10.93	-
Total	**18.50**	**-**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

C The table below describes the nature of the Holding Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Paritculars	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Vehicles	4	1-3	1.77

D Future minimum lease payments as on 31st March, 2020 are as follows:

Particulars	As at 31st March, 2020		
	Lease payments	Finance charges	Net present values
Minimum lease payments due			
Within 1 year	11.41	0.48	10.93
1-2 years	7.81	0.93	6.88
2-3 years	0.83	0.14	0.69
	20.05	**1.55**	**18.50**

E Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Amount
Short term leases	26.66
Leases of low value assets	-
Variable lease payments	-
Total	**26.66**

F Reconciliation of total lease commitments as on 31st March, 2019 to the lease liabilities recognised at 01st April, 2019:

The Holding Company did not present any lease obligations as of 31st March, 2019 under Ind AS 17 as operating leases were considered cancellable and while the value of the lease liabilities as of 1st April, 2019 is primarily on account of assessment extension options reasonably certain to be exercised and termination options reasonably certain not to be exercised and the effect of discounting such lease liabilities to the present value under Ind AS 116.

G Additional information on the right-of-use assets by class of assets is as follows:

Particulars	Carrying amount	Depreciation expense
As on 31st March, 2020		
Vehicles	17.60	10.20
Land	360.57	4.60
	378.17	**14.80**

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 43. (I) LEASES DISCLOSURE AS LESSEE (CONTD.)

(ii) Leases disclosure as lessor

Operating leases

The Holding Company has given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 184.28 lacs (31st March, 2019: ₹ 143.27 lacs) on such lease is included in other income. Lease income is recognised in the statement of profit and loss under "Other income" (refer note 25). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

Particulars	31st March, 2020	31st March, 2019
Within one year	179.91	171.35
Later than one year but not later than five years	247.90	404.28
Later than five years	12.06	35.61

NOTE 44. EMPLOYEE BENEFITS

1 Defined contribution plans:

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

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

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

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

Particulars	31st March, 2020	31st March, 2019
(a) Employer's contribution to Provident fund & other funds	188.54	155.65
(b) Employer's contribution to superannuation fund	12.36	14.81

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

2 Other Long Term Employee Benefits

A Compensated absences- Earned leave

Risk

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

i) Amounts recognised in the balance sheet

Particulars	31st March, 2020	31st March, 2019
Present value of obligation at the end of the year	312.26	287.59
Fair value of plan assets	-	-
Unfunded liability/provision in balance sheet	(312.26)	(287.59)
Unfunded liability recognised in balance sheet	(312.26)	(287.59)

ii) Expenses recognised in statement of profit and loss

Particulars	31st March, 2020	31st March, 2019
Current service cost	100.48	96.60
Interest cost	19.47	16.13
Actuarial (gain)/loss net on account of:		
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	20.06	(2.94)
-Changes in experience adjustment	(49.29)	(5.08)
Cost recognised during the year	**90.72**	**104.71**

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

Particulars	31st March, 2020	31st March, 2019
Present value of defined benefit obligation at the beginning of the year	287.59	236.06
Current service cost	100.48	96.60
Interest cost	19.47	16.13
Actuarial (gain)/loss net	(29.23)	(8.02)
Benefits paid	(66.05)	(53.18)
Present value of defined benefit obligation at the end of the year	**312.26**	**287.59**

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

Particulars	31st March, 2020	31st March, 2019
Discount rate	6.85%	7.65%
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)

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

3 Defined benefit plans:

A Gratuity

Risk

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

i) Amounts recognised in the balance sheet

Particulars	31st March, 2020	31st March, 2019
Present value of obligation at the end of the year	715.31	637.26
Fair value of plan assets	628.85	416.84
Unfunded liability/provision in balance sheet	(86.46)	(220.42)
Unfunded liability recognised in balance sheet	(86.46)	(220.42)

ii) Expenses recognised in other comprehensive income

Particulars	31st March, 2020	31st March, 2019
Return on plan assets	4.45	2.00
Actuarial (gain)/loss on PBO	9.77	45.80
Expenses recognised in other comprehensive income	**14.22**	**47.80**

iii) Actuarial (gain)/loss on obligation

Particulars	31st March, 2020	31st March, 2019
Actuarial (gain)/loss net on account of:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	41.18	2.28
- Changes in experience adjustment	(31.41)	43.53

iv) Expenses recognised in statement of profit and loss

Particulars	31st March, 2020	31st March, 2019
Current service cost	61.81	54.53
Interest cost (net)	8.50	12.54
Cost recognised during the year	**70.31**	**67.07**

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

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

Particulars	31st March, 2020	31st March, 2019
Present value of defined benefit obligation at the beginning of the year	637.26	545.19
Current service cost	61.81	54.53
Interest cost	47.19	40.12
Actuarial (gain)/loss net	9.77	45.80
Benefits paid	(40.72)	(48.38)
Present value of defined benefit obligation at the end of the year	**715.31**	**637.26**

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

Particulars	31st March, 2020	31st March, 2019
Present value of plan assets at the beginning of the year	416.84	324.90
Return on plan assets	34.24	25.57
Contributions by employer	219.40	115.10
Benefits paid during the year	(41.63)	(48.73)
Present value of plan assets at the end of the year	**628.85**	**416.84**

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

Particulars	31st March, 2020	31st March, 2019
Discount rate	6.75%	7.65%
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)

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

For the year ended 31st March, 2020	For the year ended 31st March, 2019	31st March, 2020	31st March, 2019
April 2020- March 2021	April 2019- March 2020	144.06	143.14
April 2021- March 2025	April 2020- March 2024	300.68	269.23
April 2025- March 2030	April 2024- March 2029	179.37	193.35
April 2030 onwards	April 2029 onwards	686.31	628.52

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

For the year ended 31st March,2020	For the year ended 31st March, 2019	31st March, 2020	31st March, 2019
April 2020- March 2021	April 2019- March 2020	145.66	144.09
April 2021- March 2025	April 2020- March 2024	359.57	326.67
April 2025- March 2030	April 2024- March 2029	341.28	338.57
April 2030 onwards	April 2029 onwards	2,709.33	2,629.84

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

viii) Sensitivity analysis for defined benefit obligation

Particulars	31st March, 2020	31st March, 2019
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 %	669.86	599.67
Impact due to decrease of 1.00 %	767.87	680.47
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 %	767.73	680.76
Impact due to decrease of 1.00 %	669.16	598.98

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, 2020 is 17 to 19 years (31st March, 2019: 18 to 19 years).

NOTE 45.

Research and development costs on inhouse Research and development centers amounting to ₹ 232.22 lacs (31st March, 2019: ₹ 209.58 lacs) were incurred during the year.

NOTE 46. SEGMENT INFORMATION

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

i Information about major customers

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

ii Information about geographical areas

Particulars	31st March, 2020	31st March, 2019
Revenue from operations attributed to:		
Country of domicile (India)	29,290.40	37,937.14
Foreign countries	9,239.01	10,347.65
Total	**38,529.41**	**48,284.79**

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2020 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 47. DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:

(a) Investments made:

Name of the investee	Amount invested during the year 2019-20	Amount as on 31st March, 2020	Amount invested during the year 2018-19	Amount as on 31st March, 2019
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Magneti Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	-	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-		-	
(iii) T & T Motors Private Limited	-	13.75	-	13.75
(iv) Caparo Power Limited - Equity shares	-	-	(114.71)	-
Investment in preference instruments				
(i) Caparo Power Limited - Preference shares	-	-	(25.49)	-
Investment in mutual funds				
(i) SBI mutual funds	-	-	-	-
Total	**-**	**3,264.07**	**(140.20)**	**3,264.07**

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

Name of the payee	Paid/ (recovered) during the year 2019-20	Outstanding amount as on 31st March, 2020*	Paid/ (recovered) during the year 2018-19	Outstanding amount as on 31st March, 2019*
(i) Fastech Builders Private Limited	-	45.00	(20.00)	45.00
(ii) Fastech Projects Private Limited	40.00	40.00	(55.00)	-
(iii) Bankey Bihari Engineers LLP	-	125.00	75.00	125.00
(iv) Express Engineers & Spares Private Limited	-	280.00	-	280.00
(v) 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 utilised for business purposes):

Name of the person on behalf of whom guarantee/counter guarantee is given	Outstanding amount as on 31st March, 2020	Outstanding amount as on 31st March, 2019
(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	200.00

Consolidated Notes to the Financial Statements
for the year ended 31st March, 2020 (Contd.)

NOTE 48.

During the year ended 31st March, 2020, the Group opted for Sabka Vishwas (Legacy Dispute Resolution) Scheme to settle an ongoing legal dispute with the Central Excise department for which the appeal was pending at CESTAT level. The Holding Company has paid a total amount of ₹ 213.80 lacs (including ₹ 83.75 lacs paid under protest, in earlier years).

NOTE 49.

The Holding Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 357.71 lacs (31st March, 2019: ₹ 677.04 lacs) to be adjusted against Holding Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Holding Company, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

NOTE 50.

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID-19 is significantly impacting business operation of the Group, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/ lock down of production facilities. On 24th March, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Consequently, the Group has assessed the impact of this pandemic on its business operations and has made detailed assessment of its liquidity position for next one year. The Group has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statement. The Group has performed sensitivity analysis on the assumptions used and based on current estimates and expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Group is expected to have sufficient cash flow to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The Impact of COVID-19 on the Group's financial statement may differ from the estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Group's business operations. The Group will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Talbros Automotive Components Limited

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

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th June, 2020

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

Notes

Corporate Information

Board of Directors

Mr. Naresh Talwar (Chairman)

Mr. Umesh Talwar (Vice Chairman & Managing Director)

Mr. Varun Talwar (Joint Managing Director)

Mr. Vidur Talwar

Mr. Anuj Talwar (Joint Managing Director)

Mr. V. Mohan

Mr. Anil Kumar Mehra

Mr. Amit Burman

Mr. Navin Juneja

Ms. Priyanka Gulati

Mr. Ajay Kumar Vij

Mr. Tarun Singhal

Chief Financial Officer

Mr. Manish Khanna

Company Secretary

Mrs. Seema Narang

Main Bankers

Axis Bank Limited

Bajaj Finance Limited

DBS Bank India Limited

Federal Bank Limited

HDFC Bank Limited

YES Bank Limited

Auditors

J C Bhalla & Co., Chartered Accountants, B- 5, Sector-6, Noida 201 301

Registrar and Share Transfer Agent

KFin Technologies Pvt. Ltd., Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500 032

Stock Exchange where Shares are Listed

National Stock Exchange of India Limited (NSE)

BSE Limited (BSE)

Corporate Identification Number

L29199HR1956PLC033107

Website

www.talbros.com

it's an SGA adsvita creation | adsvita.com

CIN - L29199HR1956PLC033107
Talbros Automotive Components Limited
14/1, Mathura Road, Faridabad 121003
Haryana (India)
Ph: +91 129 2251482