# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF AUTOMOTIVE STAMPINGS AND ASSEMBLIES LIMITED

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Automotive Stampings and Assemblies Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the 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 financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 4.4 in the financial statements, which indicates that the Company incurred a net loss of ₹ 1,262.75 lakhs during the year ended 31 March 2019, and, as of that date, the Company's total liabilities exceeded its total assets by ₹ 4,155.07 lakhs. As stated in note 4.4, these events or conditions, along with other matters as set forth in note 4.4 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified is respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Description of Key Audit Matter**

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **Going Concern**<br>As of 31 March 2019, the Company's total liabilities exceeded its total assets by ₹ 4,155.07 lakhs. Note 4.4 to the financial statements explains how the directors of the Company have formed a judgement that the going concern basis is appropriate in preparing the financial statements.<br>The directors of the Company made their assessment of going concern by preparing a cash flow forecast in which some key assumptions were applied. These key assumptions included forecasts of sales volumes, average selling prices, raw material costs and the availability of banking and other financing facilities as well as financial support from the Holding company.<br>We identified going concern as a key audit matter because a significant degree of management judgement is involved in making this assessment and in forecasting the future cash flows of the Company which are inherently uncertain and because the management judgement and inherent uncertainties could have significant impact on the basis of preparation of the financial statements and could be subject to management bias. | **Our audit procedures included:**<br>• Walking through the business planning process and assessing the design, implementation and operating effectiveness of management's key internal controls over the assessment of going concern, including the preparation of cash flow forecasts.<br>• Inspecting letters of financial support from the Holding Company and assessing the ability of the Holding Company to provide such financial support by inspecting available financial information.<br>• Evaluating the key assumptions in the cash flow forecasts (including future revenue, gross profit, operating expenses and capital expenditure) with reference to historical production information, current performance, internal investment and production plans, and market and other external available information;<br>• Considering the accuracy and reliability of cash flow forecasts made by management in prior years by comparing them with the current year's results;<br>• Assessing the availability of banking and other financing facilities and arrangements by inspecting underlying documentation, which included banking facility agreements signed before and after the reporting period end, and assessing the impact of any covenants and other restrictive terms therein<br>• We also checked if any waivers were obtained from the financial institutions from which borrowings are made.<br>Based on our procedures we noted that the key assumptions used in the forecasts were within a reasonable range of our expectations. |

| Revenue Recognition | |
|---|---|
| The Company's revenue is derived from the sale of sheet metal stampings, welded assemblies and modes for the automotive industry. The Company recognises revenue when the control is transferred to the customer.<br>The terms set out in the Company's sales contracts relating to goods acceptance by customers are varied. Accordingly, the terms and conditions of sales contracts may affect the timing of recognition of sales to customers as each sales contract could have different terms relating to customer acceptance of the goods sold.<br>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and is, therefore, subject to an inherent risk of misstatement to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Company. | Our audit procedures to assess the recognition of revenue included the following:<br>• evaluating the design, implementation and operating effectiveness of key internal controls over the existence, accuracy and timing of revenue recognition;<br>• performed substantive test of details over revenue recognized throughout the period by selecting a sample of transactions to ensure that the samples selected meet the revenue recognition criteria and are appropriately recorded;<br>• tested sample transactions around the period end to ensure they were recorded in the correct period; and tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any. |

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The said other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Management's Responsibility for the Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 with reference to financial statements 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 a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by 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 changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 36 to the 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Swapnil Dakshindas
Partner
Membership Number 113896

Place: Pune
Date : April 24, 2019

## Annexure A to Independent Auditors' Report

Referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the Members of the Company on the financial statements for the year ended 31 March 2019, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once every year. In accordance with this programme, all fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for leasehold land at Bhosari MIDC, which is in the name of JBM Tools Limited (name changed to Automotive Stampings and Assemblies Limited). The Company is in the process of transferring the title deeds in the name of the Company.

ii. In our opinion and according to information and explanation given to us, and on the basis of our examination of records of the Company, the inventory except inventories lying with third parties and goods-in-transit have been physically verified at reasonable intervals by the management. In respect of inventory lying with third party, these have substantially been confirmed by them and with respect of goods-in-transit, subsequent goods receipt have been verified by the management. The discrepancies noticed on verification between the physical stocks and book records were INR 221.58 lakhs (net). According to the information and explanation given to us, the said differences are mainly on account of pending bill of material correction and try outs for new projects, and the same has been accounted in the books of accounts. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business.

iii. According to the information and explanations given to us, 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 ("Act"). Accordingly, paragraph 3(iii) (a), (b) and (c) of the Order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investments or provided any guarantees or securities to which provisions of section 185 and 186 of the Act apply. Accordingly, paragraph 3(iv) of the Order is not applicable.

v. The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under.

vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014 for the goods sold and services rendered by the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and service tax and other material statutory dues as applicable, with the appropriate authorities, except for provident fund dues referred to in note 36 to the financial statements. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of excise, Value added tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable. We draw attention to note 36 to the financial statements which more fully explains the matter regarding non-payment of provident fund contribution pursuant to Supreme Court judgment dated 28 February 2019.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales- tax, Service tax, Duty of customs, Duty of excise, Value added tax and Goods and service tax which have not been deposited on account of any dispute except for the following:

| Name of statue | Nature of dues | Amount* (in ₹ Lakhs) | Amount paid under protest (in ₹ Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Penalty | 14.38 | - | 2007-2011 | Custom, Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Duty and Penalty | 21.53 | 0.80 | 2007-2009 | Custom, Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Penalty | 5.25 | 5.25 | 2001-2004 | Custom, Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Duty | 31.00 | - | 1998-2009 | Custom, Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Duty | 123.96 | - | 2008-2009 | Custom, Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Penalty | 9.31 | - | 2005-2006 | Custom, Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Penalty | 83.82 | 69.75 | 2006-2011 | Bombay High Court |
| Central Excise Act, 1944 | Duty | 357.37 | - | 2002-2005 | Custom, Excise and Service Tax Appellate Tribunal |
| Bombay Sales Tax Act, 1959 | Sales Tax | 2.92 | - | 2002-03 | Joint Commissioner (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax | 66.58 | 8.57 | 2011-12 | Joint Commissioner (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax | 22.23 | 5.57 | 2012-13 | Joint Commissioner (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax | 186.45 | 10.95 | 2013-14 | Joint Commissioner (Appeals) |
| Income Tax Act, 1961 | Income Tax | 30.08 | - | 2002-03 | Commissioner of Income Tax (Appeals) |

| Name of statue | Nature of dues | Amount* (in ₹ Lakhs) | Amount paid under protest (in ₹ Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 7.65 | - | 2008-09 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 10.69 | - | 2009-10 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 17.78 | - | 2005-06 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 6.94 | - | 2011-12 | Commissioner of Income Tax (Appeals) |

* Amount disclosed above excludes interest and penalty wherever applicable.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or banks. The Company does not have any loans or borrowings from Government or debentures holders as at the balance sheet date.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) or by way of term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.

x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act (refer note 45).

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the financial statements.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.

xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year.

xvi. In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India, 1934.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Swapnil Dakshindas
Partner
Membership Number 113896

Place: Pune
Date : April 24, 2019

# Annexure B to Independent Auditors' Report on the financial statements of Automotive Stampings and Assemblies Limited for the year ended 31 March 2019

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Opinion**

We have audited the internal financial controls with reference to financial statements of Automotive Stampings and Assemblies Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Swapnil Dakshindas
Partner
Membership Number 113896

Place: Pune
Date : April 24, 2019

## Automotive Stampings and Assemblies Limited

# BALANCE SHEET

**(All figures in ₹ Lakhs, unless otherwise stated)**

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 10,459.29 | 10,391.00 |
| Capital work-in-progress | 5 | 362.72 | 22.23 |
| Intangible assets | 5 | 5.19 | 9.60 |
| Financial assets | | | |
| Other financial assets | 6 | 114.30 | 71.40 |
| Deferred tax assets (net) | 7 | - | - |
| Income tax asset (net) | 8 | 224.53 | 245.53 |
| Other non-current assets | 9 | 241.52 | 169.81 |
| **Total non-current assets** | | **11,407.55** | **10,909.57** |
| **Current assets** | | | |
| Inventories | 10 | 5,264.68 | 2,874.97 |
| Financial assets | | | |
| (i) Trade receivables | 11 | 6,470.06 | 3,153.15 |
| (ii) Cash and cash equivalents | 12 (a) | 57.75 | 22.13 |
| (iii) Bank balances other than cash and cash equivalents | 12 (b) | 1.73 | 2.76 |
| (iv) Other financial assets | 13 | 62.96 | 20.84 |
| Other current assets | 14 | 802.12 | 713.83 |
| | | **12,659.30** | **6,787.68** |
| Assets held for sale | 15 | 241.41 | - |
| **Total current assets** | | **12,900.71** | **6,787.68** |
| **Total assets** | | **24,308.26** | **17,697.25** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 16 | 1,586.44 | 1,586.44 |
| Other equity | 17 | (5,741.51) | (4,477.48) |
| **Total equity** | | **(4,155.07)** | **(2,891.04)** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 18 | 2,775.00 | 3,806.28 |
| Provisions | 19 | 368.69 | 422.17 |
| **Total non-current liabilities** | | **3,143.69** | **4,228.45** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 20 | 10,778.21 | 5,135.06 |
| (ii) Trade payables | 21 | | |
| (a) total outstanding dues of micro enterprises and small enterprises; | | 128.21 | 513.87 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises. | | 8,970.53 | 6,798.51 |
| (iii) Other financial liabilities | 22 | 2,471.87 | 2,254.29 |
| Provisions | 23 | 60.94 | 78.11 |
| Other current liabilities | 24 | 2,909.88 | 1,580.00 |
| **Total current liabilities** | | **25,319.64** | **16,359.84** |
| **Total liabilities** | | **28,463.33** | **20,588.29** |
| **Total equity and liabilities** | | **24,308.26** | **17,697.25** |

| | |
|---|---|
| Summary of significant accounting policies | 2-4 |
| Accompanying notes to financial statements | 5-46 |

The notes referred to above form integral part of financial statements
As per our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

**Swapnil Dakshindas**
Partner
Membership No: 113896

Place: Pune
Date: April 24, 2019

**For and on behalf of the Board of Directors**
**Automotive Stampings and Assemblies Limited**
CIN:L28932PN1990PLC016314

**Pradeep Bhargava**
Chairman
DIN: 00525234

**Deepak Rastogi**
Director
DIN: 02317869

**Neeraj Shrivastava**
Chief Executive Officer

**Easwaran S.**
Chief Financial Officer

**Ashutosh Kulkarni**
Company Secretary

Place: Pune
Date: April 24, 2019

## STATEMENT OF PROFIT AND LOSS
**(All figures in ₹ Lakhs, unless otherwise stated)**

| | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 25 | 48,167.24 | 33,559.24 |
| Other income | 26 | 199.11 | 4.56 |
| **Total income** | | **48,366.35** | **33,563.80** |
| **Expenses** | | | |
| Cost of materials consumed | 26 (a) | 37,425.63 | 25,845.94 |
| Changes in inventories of finished goods and work-in progress | 26 (b) | (1,239.14) | 214.61 |
| Excise duty | | - | 479.47 |
| Employee benefits expenses | 27 | 3,750.00 | 3,468.36 |
| Finance costs | 28 | 1,650.05 | 1,147.84 |
| Depreciation and amortization expenses | 29 | 975.66 | 1,003.37 |
| Other expenses | 30 | 7,066.90 | 6,060.29 |
| **Total expenses** | | **49,629.10** | **38,219.88** |
| **(Loss) before tax** | | **(1,262.75)** | **(4,656.08)** |
| **Tax expense:** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total tax expense** | | **-** | **-** |
| **(Loss) for the year** | | **(1,262.75)** | **(4,656.08)** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurements of post-employment benefit obligations - gain / (loss) | | (1.29) | 8.17 |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| **Other comprehensive income for the year, net of tax** | | **(1.29)** | **8.17** |
| **Total comprehensive income for the year** | | **(1,264.04)** | **(4,647.91)** |
| **Earnings per equity share of INR 10 each (in INR)** | | | |
| Basic | 39 | (7.96) | (29.35) |
| Diluted | 39 | (7.96) | (29.35) |

Summary of significant accounting policies 2-4
See accompanying notes to financial statements 5-46

The notes referred to above form integral part of financial statements
As per our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

**Swapnil Dakshindas**
Partner
Membership No: 113896

Place: Pune
Date: April 24, 2019

**For and on behalf of the Board of Directors**
**Automotive Stampings and Assemblies Limited**
CIN:L28932PN1990PLC016314

**Pradeep Bhargava**
Chairman
DIN: 00525234

**Deepak Rastogi**
Director
DIN: 02317869

**Neeraj Shrivastava**
Chief Executive Officer

**Easwaran S.**
Chief Financial Officer

**Ashutosh Kulkarni**
Company Secretary

Place: Pune
Date: April 24, 2019

**Automotive Stampings and Assemblies Limited**

## CASH FLOW STATEMENT

**(All figures in ₹ Lakhs, unless otherwise stated)**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Loss before tax | (1,262.75) | (4,656.08) |
| **Adjustments for:** | | |
| Depreciation and amortization expense | 975.66 | 1,003.37 |
| Net loss / (gain) on sale of property, plant and equipment | (44.75) | 1.04 |
| Changes in fair value of financial assets at fair value through profit or loss | 0.08 | (0.21) |
| Interest Income | (0.23) | (1.48) |
| Finance costs | 1,650.05 | 1,147.84 |
| | **1,318.06** | **(2,505.52)** |
| **Change in operating assets and liabilities:** | | |
| (Increase) / decrease in trade receivables | (3,316.91) | 1,878.04 |
| Decrease in inventories | (2,389.71) | (430.77) |
| Increase in trade payables | 1,786.36 | 901.52 |
| Decrease in other non-current financial assets | (42.66) | (1.16) |
| (Increase) / decrease in other current financial assets | (42.12) | 273.51 |
| Decrease in other non-current assets | (74.53) | (38.67) |
| (Increase) / decrease in other current assets | (88.29) | 322.38 |
| Increase / (decrease) in non current provisions | (54.77) | 27.58 |
| Increase / (decrease) in current provisions | (17.17) | 5.25 |
| Increase / (decrease) in other current liabilities | 1,329.88 | (262.20) |
| Increase in other current financial liabilities | 283.42 | 304.92 |
| **Cash generated from / (used in) operations** | **(1,308.44)** | **474.88** |
| Income taxes paid (net of refund, if any) | 21.00 | (66.51) |
| **Net cash flow from operating activities (A)** | **(1,287.44)** | **408.37** |
| **B. Cash flow from investing activities** | | |
| Acquisition of property, plant and equipment and capital work-in-progress | (1,500.76) | (282.28) |
| Proceeds from sale of property, plant and equipment | 56.71 | 4.91 |
| Fixed deposit with banks having maturity over 12 months | 1.02 | 0.77 |
| Interest received | - | 1.48 |
| **Net cash used in investing activities (B)** | **(1,443.03)** | **(275.12)** |

## CASH FLOW STATEMENT

**(All figures in ₹ Lakhs, unless otherwise stated)**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **C. Cash flow from financing activities** | | |
| Interest paid | (1,527.05) | (1,110.92) |
| Proceeds from long term borrowings | - | 4,150.43 |
| Repayment of long term borrowings | (1,350.00) | (3,279.44) |
| Short term borrowings availed / (repaid) (net) | 5,643.14 | 127.00 |
| **Net cash flow used in financing activities (C)** | **2,766.09** | **(112.93)** |
| | | |
| **Net increase in cash and cash equivalents (A+B+C)** | **35.62** | **20.32** |
| Cash and cash equivalents at the beginning of the year | 22.13 | 1.81 |
| **Cash and cash equivalents at the end of the year** | **57.75** | **22.13** |
| | | |
| **Cash and cash equivalents as per above comprise of the following [Refer note 12 (a)]** | | |
| Cash on hand | 0.62 | 0.81 |
| Balances with banks | 57.13 | 21.32 |
| | **57.75** | **22.13** |

Note : Figures in brackets represents outflow of cash and cash equivalent

| | |
|---|---|
| Summary of significant accounting policies | 2-4 |
| Accompanying notes to financial statements | 5-46 |

The notes referred to above form integral part of financial statements

As per our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

**Swapnil Dakshindas**
Partner
Membership No: 113896

Place: Pune
Date: April 24, 2019

**For and on behalf of the Board of Directors**
**Automotive Stampings and Assemblies Limited**
CIN:L28932PN1990PLC016314

**Pradeep Bhargava**
Chairman
DIN: 00525234

**Deepak Rastogi**
Director
DIN: 02317869

**Neeraj Shrivastava**
Chief Executive Officer

**Easwaran S.**
Chief Financial Officer

**Ashutosh Kulkarni**
Company Secretary

Place: Pune
Date: April 24, 2019

## Automotive Stampings and Assemblies Limited

### STATEMENT OF CHANGES IN EQUITY
**(All figures in ₹ Lakhs, unless otherwise stated)**

| Particulars | | Attributable to equity share holder | | | | |
|---|---|---|---|---|---|---|
| | Equity Share capital | General reserve | Capital redemption reserve | Securities premium reserve | Retained Earnings | Total |
| Balance as at April 1, 2017 | 1,586.44 | 444.15 | 300.00 | 4,237.25 | (4,810.97) | 170.43 |
| Loss for the year | - | - | - | - | (4,656.08) | (4,656.08) |
| Other comprehensive income (net of tax) | - | - | - | - | 8.17 | 8.17 |
| **Balance as at March 31, 2018** | **1,586.44** | **444.15** | **300.00** | **4,237.25** | **(9,458.88)** | **(4,477.48)** |
| Balance as at April 1, 2018 | 1,586.44 | 444.15 | 300.00 | 4,237.25 | (9,458.88) | (4,477.48) |
| Loss for the year | - | - | - | - | (1,262.75) | (1,262.75) |
| Other comprehensive income (net of tax) | - | - | - | - | (1.29) | (1.29) |
| **Balance as at March 31, 2019** | **1,586.44** | **444.15** | **300.00** | **4,237.25** | **(10,722.92)** | **(5,741.52)** |

Summary of significant accounting policies 2-4
See accompanying notes to financial statements 5-46

The notes referred to above form integral part of financial statements

As per our report of even date.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

**Swapnil Dakshindas**
Partner
Membership No: 113896

Place: Pune
Date: April 24, 2019

**For and on behalf of the Board of Directors**
**Automotive Stampings and Assemblies Limited**
CIN:L28932PN1990PLC016314

**Pradeep Bhargava**
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**Easwaran S.**
Chief Financial Officer

**Ashutosh Kulkarni**
Company Secretary

Place: Pune
Date: April 24, 2019

## Notes forming part of financial statements

### Note 1 : Company Overview

Automotive Stampings and Assemblies Limited ('the Company') is engaged in the business of manufacturing sheet metal stampings, welded assemblies and modules for the automotive industry. The Company primarily operates in India. The equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company's Registered office is situated at - 'TACO House, Plot No- 20/B FPN085, V.G. Damle Path, Off Law College Road, Erandwane, Pune: 411004, Maharashtra, India'.

### Note 2 : Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation of financial statements**

**(i) Compliance with Ind AS**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on April 24, 2019.

**(ii) Basis of preparation**

The financial statements have been prepared on a historical cost basis, except for the following items:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- net defined benefit (asset)/ liability – present value defined benefit obligations less fair value of plan assets.

**(iii) Functional and presentation currency**

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest Lakh except share data, unless otherwise indicated.

**2.2 Revenue recognition**

The Company has adopted Ind AS 115 Revenue from Contracts with Customers (which replaces earlier revenue recognition standard) using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018).

There is no impact of transition to Ind AS 115 on retained earnings as on 1 April 2018. Also, the Company has assessed the impact assessment post adoption of IND AS 115 and concluded that there is no material impact of the standard on the revenue recognition adopted by the Company for the year ended 31 March 2019.

## Notes forming part of financial statements

**Sale of products:**

Under Ind AS 115, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue from the sale of goods is recognized when the performance obligation is satisfied by transfer of the promised goods to customer for a consideration which company expects to be entitled for these goods.

Amounts disclosed as revenue as on 31 March 2018 are inclusive of excise duty and exclude Sales Tax/VAT till June 30, 2017. With the onset of Goods and Service Tax (GST) with effect from July 1, 2017, the amount disclosed as revenue as on March 31, 2019 is net of GST collected on behalf of customers.

Under Ind AS 18, Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transactions will flow to the entity; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably

**Sale of Services**

In contracts involving the rendering of services, revenue is measured using the proportionate completion method and are recognized net of service tax or goods and service tax as applicable

**Other Income**

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**2.3 Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevalent, at the date of initial recognition (in case measured at historical cost) or at the date when the fair value is determined (in case measured at fair value). Foreign exchange gain and loses resulting from the settlement of such transaction and from translation of monetary assets and liabilities denominated foreign currencies at year end exchange rates are generally recognized in profit and loss. Foreign exchange difference regarded as an adjustment to borrowing cost are presented in the statement of profit and loss, within finance costs. All other foreign exchange gain and losses are presented in the statement of profit and loss on net basis within other income / other expenses.

**Notes forming part of financial statements**

**2.4 Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets which in certain cases may be different than the rate prescribed in Schedule II to the Companies Act, 2013, in order to reflect the actual usages of the assets.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

| Class of Asset | Useful life as prescribed in Schedule II of Companies Act, 2013 (In Years) | Useful life as followed by the Company (In Years) |
|---|---|---|
| **Factory building** | 30 | 30 |
| **Office building** | 60 | 60 |
| **Plant and machinery** | | |
| - Press machines | 15 ( on a single shift basis) | 20 |
| - Other plant and equipment | 15 ( on a single shift basis) | 10 to 18 |
| **Tools, jigs and fixture** | 15 ( on a single shift basis) | 15 |
| **Furniture and fittings** | 10 | 10 |
| **Office equipment** | 5 | 5 |
| **Vehicles** | 8 | 4 |

- Improvements to leased premises are depreciated over the balance tenure of leasehold land.
- Leasehold land is amortized on a straight line basis over the period of the lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized as income or expense in the statement of profit and loss.

**2.5 Intangible asset**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives ranging from 3-5 years. The amortization period and

**Notes forming part of financial statements**

amortization method are reviewed as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

**2.6 Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increase in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

**2.7 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income / expenses.

**Notes forming part of financial statements**

**2.8 Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

**2.9 Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**2.10 Inventories**

Raw materials and stores, work-in-progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.11 Employee benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Notes forming part of financial statements**

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans.

**(a) Defined benefit plans**

*Gratuity obligations :*

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

**(b) Defined contribution plans**

A defined contribution plan is a post-employment benefit under which an entity pays a specific contribution to a separate entity and has no obligation to pay any further amounts. Retirement benefit in the form of provident fund and superannuation fund are a defined contribution schemes and the contributions are charged to the statement of profit and loss during the period in which the employee renders the related service. The Company has no obligation, other than

**Notes forming part of financial statements**

the contribution payable to these funds. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**(iv) Termination Benefits**

Termination benefits in the nature of voluntary retirement benefits are recognized as an expense when as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**2.12 Financial instruments**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) (FVTOCI / FVTPL), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business models for managing the assets and the cash flow characteristics of the assets. All the debt instruments held by the Company are classified in "Amortized Cost " measurement category.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities

**Notes forming part of financial statements**

are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**(iii) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 (c) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

**(iv) Derecognition**

A financial asset is derecognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

**2.13 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**2.14 Impairment**

Intangible assets with definite life and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is the higher of the assets fair value less cost of disposal and the value-in-use) is determined

**Notes forming part of financial statements**

on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units ( CGU) to which the asset belongs.

If such individual assets or CGU are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.15 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**2.16 Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**2.17 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**2.18 Share capital**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.19 Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## Notes forming part of financial statements

### 2.20 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 2.21 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions for restructuring are recognized by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**2.23 Government Grants**

Grant from the government are recognized at their fair value were there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the purchases of Property , Plant and Equipment are included in non-current liability as deferred income and are credited to Profit and loss on a straight line basis over the expected lives of the related assets and presented within other income.

**2.24 Derivatives**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / expenses.

**2.25 Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**Note 3 : Standards issued but not yet effective:**

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 01 April 2019:

**Ind AS - 116 – Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01 April 19. The Company is in the process of evaluating the impact of this amendment on the financial statements.

**Notes forming part of financial statements**

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures and hence does not expect any impact from this amendment.

**Notes forming part of financial statements**

**Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not have control / joint control / joint control of a business that is a joint operation and hence does not expect any impact from this amendment.

**Note 4 : Significant accounting judgments, estimates and assumptions**

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, liabilities and the accompanying disclosures.

These judgments, estimates and assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below. These Judgments, estimates and assumptions are continually evaluated.

**Significant Judgments**

**4.1 Contingent liabilities**

The Company has received various orders and notices from tax and other judicial authorities in respect of direct taxes, indirect taxes and labour matters. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. Management regularly analyzes current information about these matters and makes provisions for probable losses including the estimate of legal expense to resolve the matters. In their assessments management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss.

**4.2 Classification of Leasehold Land**

The Company has entered into lease agreement for land at two of its facilities. The lease period is of around 79-90 years in respect of these premises and the agreements have renewal options. These lands are situated in industrial estates, where the land is generally transferred through lease contracts and the upfront lease payment amounts are significantly equal to the fair value of land. Accordingly, significant risk and rewards associated with the land are considered to be transferred to the lessee. Based on these considerations and overall evaluation of the agreements with the lessor, the management believes that these lease contracts meet the conditions of finance lease.

**4.3 Determination of cash generating unit (CGU) for Impairment analysis**

As part of its impairment assessment for non-financial assets (i.e. property, plant and equipment), the management needs to identify Cash Generating Units i.e. lowest group of

## Notes forming part of financial statements

assets that generate cash flows which are independent of those from other assets. Considering the nature of its assets, operations and administrative structure, the management has defined all assets put together as a single Cash Generating Unit.

### 4.4 Going Concern assumptions

The Company has incurred significant losses of INR 1,264.04 lakhs for the financial year ended March 31, 2019 and the Company's total liabilities exceeded its total assets by INR 4,155.07 lakhs as at March 31, 2019.

The Company's management has carried out an assessment of the Company's financial performance and expects it to continue its operations and meet its liabilities as and when they fall due. Based on the followings considerations, the Management of the Company are of the opinion that the preparation of the financial statements of the Company on a going concern basis is appropriate;

1. Support letter from the Holding Company.
2. Financial support from the Holding Company and other Group Companies to meet its short-term liabilities.
3. Expected increase in revenue based on orders in hand from current and upcoming projects of existing customers.
4. Robust business plans for the above expected increase in revenue.

### 4.5 Segment Reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources.

Operating segments are defined as 'Business Units' of the Company about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Company operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of auto component parts from which the Company derives its revenues. The management considers that these business units have similar economic characteristics like the nature of the products and services, the nature of the production processes and nature of the regulatory environment etc.

Based on the management analysis, the Company has only one operating segment, so no separate segment report is given. The principal geographical areas in which the Company operates are India and other countries.

## Significant estimates and assumptions

### 4.6 Impairment of Property, plant and equipment : Key assumptions used

The management has assessed current and forecasted financial performance of the Company and the current market value of the assets to determine whether carrying value of property, plant and equipment has suffered any impairment. Impairment assessment is based on estimates of future financial performance or opinions that may represent reasonable expectations at a particular point of time . Such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will

**Notes forming part of financial statements**

occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary and the variations may be material.

**4.7 Claims payables & receivable to customers**

Price increase or decrease due to change in major raw material cost, pending acknowledgement from major customers, is accrued on estimated basis. Also the Company has made accruals in respect of unsettled prices for some of its other material purchase contracts, finished goods and scrap sales contracts. These accruals are made considering the past settlement arrangements with the vendors and customers respectively and the applicable metal prices from published sources. Actual results of these considerations may vary and the variations may be material.

Further, the management has assessed and believes that the timing of cash outflow pertaining to this accruals are uncertain and hence considered the same as payable on demand and classified under current liabilities.

**4.8 Defined benefit plan**

The cost of the defined benefit gratuity plan, other retirement benefits, the present value of the gratuity obligation and other retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 43.

**4.9 Fair valuation of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques . The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**4.10 Impairment of financial assets**

The impairment provisions for financial assets disclosed under Note 32 are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## Notes forming part of financial statements

## Note 5 : Property, plant and equipment, capital work-in-progress and intangible assets

### a. Reconciliation of carrying amounts

(₹ in Lakhs)

| | Freehold Land | Leasehold land [refer note c (ii) below] | Factory Buildings | Office Buildings | Plant and Machinery | Tools, Jigs & Fixtures | Furniture and Fixtures | Office Equipment | Vehicles | Total | Intangible assets- Computer Software |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | | | | | |
| Balance as at April 1, 2017 | 30.46 | 199.80 | 3,706.04 | 123.13 | 8,645.34 | 19.17 | 26.42 | 48.30 | 23.32 | **12,821.98** | 43.36 |
| Additions | - | - | 68.22 | - | 342.85 | 5.91 | - | 7.91 | - | **424.89** | - |
| Disposals | | | | | (4.08) | | | (1.43) | (18.90) | **(24.41)** | - |
| **Balance as at March 31, 2018** | **30.46** | **199.80** | **3,774.26** | **123.13** | **8,984.11** | **25.08** | **26.42** | **54.78** | **4.42** | **13,222.46** | **43.36** |
| | | | | | | | | | | | |
| Balance as at April 1, 2018 | 30.46 | 199.80 | 3,774.26 | 123.13 | 8,984.11 | 25.08 | 26.42 | 54.78 | 4.42 | 13,222.46 | 43.36 |
| Additions | - | - | 38.94 | - | 1,238.16 | - | 0.68 | 15.12 | - | **1,292.90** | - |
| Assets held for sale (refer note 15) | - | (60.38) | (257.65) | - | - | - | - | - | - | **(318.03)** | - |
| Disposals | - | - | - | - | (11.96) | - | - | - | - | **(11.96)** | - |
| **Balance as at March 31, 2019** | **30.46** | **139.42** | **3,555.55** | **123.13** | **10,210.31** | **25.08** | **27.10** | **69.90** | **4.42** | **14,185.37** | **43.36** |
| | | | | | | | | | | | |
| **Accumulated depreciation and amortization** | | | | | | | | | | | |
| | | | | | | | | | | | |
| Balance as at March 31, 2017 | - | 6.15 | 361.67 | 4.15 | 1,424.59 | 5.20 | 8.83 | 27.26 | 13.14 | **1,850.99** | 29.32 |
| Depreciation and amortization charge for the year | - | 3.09 | 186.92 | 2.27 | 785.93 | 1.33 | 4.58 | 9.48 | 5.33 | **998.93** | 4.44 |
| Disposals | - | - | - | - | (3.48) | - | - | (0.05) | (14.93) | **(18.46)** | - |
| **Balance as at March 31, 2018** | **-** | **9.24** | **548.59** | **6.42** | **2,207.04** | **6.53** | **13.41** | **36.69** | **3.54** | **2,831.46** | **33.76** |
| | | | | | | | | | | | |
| Balance as at April 1, 2018 | - | 9.24 | 548.59 | 6.42 | 2,207.04 | 6.53 | 13.41 | 36.69 | 3.54 | 2,831.46 | 33.76 |
| Depreciation and amortization charge for the year | - | 3.08 | 185.99 | 2.27 | 764.57 | 1.62 | 4.11 | 8.79 | 0.81 | **971.25** | 4.41 |
| Assets held for sale (refer note 15) | - | (4.33) | (72.29) | - | - | - | - | - | - | **(76.62)** | - |
| Disposals | - | - | - | - | - | - | - | - | - | **-** | - |
| **Balance as at March 31, 2019** | **-** | **7.99** | **662.29** | **8.69** | **2,971.61** | **8.15** | **17.52** | **45.48** | **4.35** | **3,726.08** | **38.17** |
| | | | | | | | | | | | |
| **Carrying amount (net)** | | | | | | | | | | | |
| | | | | | | | | | | | |
| **Balance as at March 31, 2018** | **30.46** | **190.56** | **3,225.67** | **116.71** | **6,777.07** | **18.55** | **13.01** | **18.09** | **0.88** | **10,391.00** | **9.60** |
| | | | | | | | | | | | |
| **Balance as at March 31, 2019** | **30.46** | **131.43** | **2,893.26** | **114.44** | **7,238.70** | **16.93** | **9.58** | **24.42** | **0.07** | **10,459.29** | **5.19** |

b. **Capital work-in-progress**
Capital work-in-progress as at March 31, 2019 amounts to ₹ 362.72 Lakhs comprising majorly of addition to plant & machinery and factory building at Chakan and Pantnagar plant for upcoming projects and capacity expansions respectively, while that as at March 31, 2018 amounts to ₹ 22.23 Lakhs comprising majorly of addition to factory building at Chakan plant (weld shop division) for capacity expansion.

c. **Notes**
(i) For property, plant and equipment pledged as securities refer note 44. For contractual commitments towards acquisition of property plant and equipment refer note 37 (a).
(ii) There are no future minimum lease payments in respect of these leasehold land. The lease terms generally expires within period of 79-95 years and as per the lease agreement, the lease term for one of the leasehold facility can be renewed for a further period of 95 years subject to other terms and conditions and for other leasehold facility the renewal will be mutually decided at the time of completion of lease period.

## Notes forming part of financial statements

### Note 6: Other financial assets (non current)

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposits | 93.80 | 55.80 |
| Claims receivable | 17.66 | 13.00 |
| Margin money deposit (Under banks lien) | 2.84 | 2.60 |
| **Total** | **114.30** | **71.40** |

### Note 7: Deferred tax assets (net)

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Deferred tax asset** | | |
| Unabsorbed depreciation | 1,042.81 | 832.72 |
| Provision for employee benefits | 67.27 | 73.94 |
| Provision for slow moving / obsolete inventories | 37.83 | 44.02 |
| MAT credit receivable | 91.00 | 91.00 |
| Less: Provision for doubtful MAT credit | (91.00) | (91.00) |
| Expenditure covered by section 43 B of Income Tax Act, 1961 | 101.44 | 137.11 |
| Others | 43.64 | 42.14 |
| | 1,292.99 | 1,129.93 |
| **Deferred tax liability** | | |
| Excess of depreciation/amortization on property, plant and equipment under income tax law over depreciation/amortization provided in the accounts | 1,292.99 | 1,129.93 |
| **Total deferred tax assets (net)** | **1,292.99** | **1,129.93** |

The Company has recognized the cumulative deferred tax assets on the basis of prudence, only to the extent of deferred tax liability.

### Movement in deferred tax assets / (liabilities)

| | Unabsorbed depreciation | Provision for employee benefits | Provision for slow moving / obsolescence inventory | MAT credit Receivable (net of provision) | Expenditure covered by section 43 B of Income Tax Act, 1961 | Others | Depreciation |
|---|---|---|---|---|---|---|---|
| Balance as at March 31, 2017 | 861.18 | 67.01 | 38.65 | - | 127.45 | 21.48 | (1115.77) |
| (Charged)/ credited : | | | | | | | |
| -to profit or loss | (28.46) | 6.93 | 5.37 | - | 9.66 | 20.66 | (14.16) |
| -to other comprehensive income | - | - | - | - | - | - | - |
| **Balance as at March 31, 2018** | **832.72** | **73.94** | **44.02** | **-** | **137.11** | **42.14** | **(1129.93)** |
| Balance as at April 1, 2018 | 832.72 | 73.94 | 44.02 | - | 137.11 | 42.14 | (1129.93) |
| (Charged)/ credited : | | | | | | | |
| -to profit or loss | 210.09 | (6.67) | (6.19) | - | (35.67) | 1.50 | (163.06) |
| -to other comprehensive income | - | - | - | - | - | - | - |
| **Balance as at March 31, 2019** | **1042.81** | **67.27** | **37.83** | **-** | **101.44** | **43.64** | **(1292.99)** |

## Notes forming part of financial statements

### Note 8: Income tax asset (net)

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Opening balance | 245.53 | 179.02 |
| Less: Current tax payable for the year | - | - |
| Less: Refunds received during the year | (98.37) | - |
| Add: Taxes paid during the year | 77.37 | 66.51 |
| **Closing balance** | **224.53** | **245.53** |

### Note 9: Other non-current assets

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good unless otherwise stated** | | |
| Capital advances | 16.77 | 19.59 |
| **Others** | | |
| Security deposit | 36.21 | 36.21 |
| Taxes paid under protest | 244.26 | 169.73 |
| Less: Provision for doubtful claims | (55.72) | (55.72) |
| | 188.54 | 114.01 |
| **Total** | **241.52** | **169.81** |

### Note 10: Inventories

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Raw materials (includes goods-in-transit of ₹ Nil Lakhs; March 31, 2018: ₹ 35.40 Lakhs) | 3,056.03 | 1,965.76 |
| Finished goods (includes goods-in-transit of ₹ 60.31 Lakhs; March 31, 2018: ₹ 51.07 Lakhs) * | 361.31 | 175.56 |
| Work-in-progress | 1,480.47 | 519.75 |
| Stores and spares | 244.72 | 184.42 |
| Scrap | 122.15 | 29.48 |
| **Total** | **5,264.68** | **2,874.97** |

* Write-downs of inventories to net realizable value amounted to ₹ 10.29 Lakhs (March 31, 2018 ₹ 2.10 Lakhs). These were recognized as an expense during the year and included in 'changes in value of inventories of finished goods and work-in-progress' in the statement of profit and loss.

### Note 11: Trade receivables

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Trade receivables | 2,636.61 | 1,534.24 |
| Receivables from related parties (refer note 35) | 3,918.06 | 1,699.55 |
| Less: Loss allowance | (84.61) | (80.64) |
| **Total** | **6,470.06** | **3,153.15** |

## Notes forming part of financial statements

### Break-up of security details

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Trade receivables considered good - Secured | - | - |
| Trade receivables considered good - Unsecured | 6,470.06 | 3,153.15 |
| Trade receivables which have significant increase in credit risk | 84.61 | 80.64 |
| Trade receivables - credit impaired | - | - |
| Total | 6,554.67 | 3,233.79 |
| Less: Loss allowance | (84.61) | (80.64) |
| **Total trade receivables** | **6,470.06** | **3,153.15** |

The Company's exposure to credit and loss allowances related to trade receivables are disclosed in note 32

## Note 12 (a): Cash and cash equivalents

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Bank balances | | |
| - in current accounts | 57.13 | 21.32 |
| Cash on hand | 0.62 | 0.81 |
| **Total** | **57.75** | **22.13** |

## Note 12 (b): Bank balances other than cash and cash equivalents

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Bank balances | | |
| - Margin money deposits (restricted) | 0.96 | 0.96 |
| - Balance with bank in unpaid dividend accounts (restricted) | 0.77 | 1.80 |
| **Total** | **1.73** | **2.76** |

## Note 13: Other financial assets (current)

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good** | | |
| Security deposits | 9.29 | 14.29 |
| Advance to employees | 9.57 | 6.34 |
| Other receivable | 44.10 | - |
| Foreign currency derivative contracts | - | 0.21 |
| **Total** | **62.96** | **20.84** |

## Notes forming part of financial statements

### Note 14: Other current assets

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advances to suppliers | 344.14 | 353.78 |
| Balances with government authorities | 380.14 | 293.92 |
| Prepayments | 77.84 | 66.13 |
| **Total** | **802.12** | **713.83** |

### Note 15: Assets held for sale

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Leasehold land | 56.05 | - |
| Factory buildings | 185.36 | - |
| **Total** | **241.41** | **-** |

On 15 January 2019, consent of the Board of Directors was obtained for transfer of leasehold rights of Bhosari MIDC land along with factory building. The carrying value of said assets has been presented as “Assets classified as held for sale” in current assets and advance consideration received from buyers is presented under “Other current liabilities”. The transaction is expected to be completed in financial year 2019-20.

### Note 16: Equity share capital

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorized** | | |
| 20,000,000 (March 31, 2018 : 20,000,000) equity shares of ₹ 10 each | 2,000.00 | 2,000.00 |
| 16,000,000 (March 31, 2018 : 16,000,000) preference shares of ₹ 10 each | 1,600.00 | 1,600.00 |
| **Total** | **3,600.00** | **3,600.00** |
| **Issued, subscribed and fully paid-up share capital** | | |
| 15,864,397 equity shares of ₹ 10 each. | 1,586.44 | 1,586.44 |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

(₹ in Lakhs)

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Equity shares** | | | | |
| At the commencement and at the end of the year | 15,864,397 | 1,586.44 | 15,864,397 | 1,586.44 |

## Notes forming part of financial statements

**(b) Shares held by Holding Company**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| 11,898,296 equity shares (March 31, 2018 : 11,898,296 equity shares) held by Tata AutoComp Systems Limited, the Holding Company | 1,189.83 | 1,189.83 |

**(c) Details of shareholders holding more than 5% shares in the Company**

**(₹ in Lakhs)**

| Name of the shareholder | Number of shares held as on March 31, 2019 | % holding | Number of shares held as on March 31, 2018 | % holding |
|---|---|---|---|---|
| Tata AutoComp Systems Limited | 11,898,296 | 75.00% | 11,898,296 | 75.00% |

**(d) Terms and rights attached to equity shares:**

The Company has only one class of issued equity shares having a face value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(e) There were no bonus shares issued during last five years.**

## Note 17: Other equity

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Capital redemption reserve** | | |
| At the commencement and at the end of the year | 300.00 | 300.00 |
| **Securities premium reserve** | | |
| At the commencement and at the end of the year | 4,237.26 | 4,237.25 |
| **General reserve** | | |
| At the commencement and at the end of the year | 444.15 | 444.15 |
| **Retained earning** | | |
| At the commencement of the year | (9,458.88) | (4,810.97) |
| (Loss) for the year | (1,262.75) | (4,656.08) |
| Remeasurements of post-employment benefit obligations during the period (net of tax) | (1.29) | 8.17 |
| At the end of the year | (10,722.92) | (9,458.88) |
| **Total** | **(5,741.51)** | **(4,477.48)** |

## Notes forming part of financial statements

**Nature and purpose of other reserves**

*Capital redemption reserve*

The Capital redemption has been created out of the profit of earlier years at the time of redemption of the preference shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

*Securities premium reserve*

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

*General reserve*

The general reserves are the retained earnings of a Company which are kept aside out of Company's profits to meet future (known or unknown) obligations. The general reserve is a free reserves which can be utilized for any purpose after fulfilling certain conditions.

### Note 18: Borrowings (non - current)

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---:|---:|
| **Term Loan** | | |
| Secured | | |
| From Banks | 734.94 | 1,485.62 |
| From Related party | 434.41 | 1,034.89 |
| Unsecured | | |
| From Holding company | | |
| Long term loan | 1,350.00 | 1,350.00 |
| Inter corporate deposit (ICD) | 1,300.00 | 1,300.00 |
| | **3,819.35** | **5,170.51** |
| Less: Current maturities of long-term borrowings | (1,031.28) | (1,350.00) |
| Less: Interest accrued | (13.07) | (14.23) |
| **Total** | **2,775.00** | **3,806.28** |

The Company's exposure to interest rate and liquidity risks related to borrowings is disclosed in note 32

1. Details of repayment of term loans **(₹ in Lakhs)**

| Lender | Amount outstanding as at March 31, 2019 | Amount outstanding as at March 31, 2018 | Nature of Facility | Terms of repayment/ Maturity detail |
|---|---:|---:|---|---|
| State Bank of India | 380.99 | 630.53 | Term Loan | Phased repayment with quarterly installments ending in September 2020 |
| State Bank of India | 353.95 | 855.09 | Term Loan | Phased repayment after 1 year moratorium period in quarterly fifteen installments ending in December 2019 |

## Notes forming part of financial statements

| | | | | |
|---|---|---|---|---|
| Tata Capital Financial Services Limited - Term loan | 434.41 | 1,034.89 | Term Loan | Phased repayment with quarterly installments from September 2015 and ending in December 2019. |
| Tata AutoComp Systems Limited, Holding Company - Term loan | 900.00 | 900.00 | Term Loan | Repayment with scheduled installment in March 2021 (Rescheduled) |
| Tata AutoComp Systems Limited, Holding Company - Term loan | 450.00 | 450.00 | Term Loan | Repayment with scheduled installment in March 2021 (Rescheduled) |
| Tata AutoComp Systems Limited, Holding Company - ICD | 1,300.00 | 1,300.00 | ICD | Repayment with scheduled installment in March 2021 (Rescheduled) |
| Less: Current maturities of long-term borrowings | (1,031.28) | (1,350.00) | | |
| Less: Interest accrued | (13.07) | (14.23) | | |
| | **2,775.00** | **3,806.28** | | |

2. (a) Term loan of ₹ 434.41 Lakhs (March 31, 2018 ₹ 1,034.89 Lakhs) from Tata Capital Financial Services Limited is secured by first and exclusive hypothecation of plant and machinery of Pantnagar plant of the Company.
   (b) Term Loan of ₹ 380.99 Lakhs (March 31, 2018 ₹ 630.53 Lakhs) from State Bank of India is secured by exclusive first charge by way of hypothecation of specific press machinery at Halol Plant.
   (c) Term Loan of ₹ 353.95 Lakhs (March 31, 2018 ₹ 855.09) from State Bank of India which is secured by first charge on plant and machinery at Chakan and Halol plant (except machinery already hypothecated to SBI for Term loan of ₹ 1,000 Lakhs) and first charge on plant and machinery to be acquired at Chakan plant out of term loan.
3. Interest rates on the above loans range between 9.50% p.a. to 16.60% p.a.

### Note 19: Provisions (non-current)

**(₹ in Lakhs)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Provision for employee benefits | | |
| Compensated absences | 149.45 | 176.13 |
| Gratuity (Refer note 43) | 215.61 | 239.28 |
| Provision for warranty (Refer note 38) | 3.63 | 6.76 |
| **Total** | **368.69** | **422.17** |

## Notes forming part of financial statements

### Note 20: - Borrowings (current)

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Secured** | | |
| Loans from banks repayable on demand | 4,390.34 | 1,992.68 |
| Loan from related party repayable on demand | 3,825.51 | 1,415.06 |
| **Unsecured** | | |
| Loan from Holding Company repayable on demand | 2,600.00 | 1,750.00 |
| | **10,815.85** | **5,157.74** |
| Less: Interest accrued | (37.64) | (22.68) |
| **Total** | **10,778.21** | **5,135.06** |

Note:-

1. Loans from banks repayable are secured by hypothecation of current assets and second charge on the immovable properties of Chakan plant of the Company.
2. Loan from related party is secured by first and exclusive hypothecation of plant and machinery and first charge on leasehold land and building of Pantnagar plant of the Company.
3. Interest rates on the above loans range between 9.60% p.a. to 11.25% p.a.

### Note 21: Trade payables

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Total outstanding dues of micro enterprises and small enterprises | 128.21 | 513.87 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | - | 565.11 |
| - Acceptances | 8,636.13 | 6,098.71 |
| - other than related parties | 334.40 | 134.69 |
| - to related parties | | |
| **Total** | **9,098.74** | **7,312.38** |

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 32

### Note 22: Other financial liabilities (current)

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Creditors for capital goods | 149.33 | 19.53 |
| Claims payable to customers | 586.09 | 381.61 |
| Current maturities of long-term borrowings | 1,031.28 | 1,350.00 |
| Unclaimed dividend | 0.77 | 1.80 |
| Accrued employee liabilities | 301.87 | 287.40 |
| Interest accrued | 180.90 | 57.90 |
| Security deposit | 221.55 | 156.05 |
| Foreign currency derivative contracts | 0.08 | - |
| **Total** | **2,471.87** | **2,254.29** |

The Company's exposure to currency and liquidity risks related to financial liabilities is disclosed in note 32

## Notes forming part of financial statements

### Note 23: Provisions (current)

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provision for employee benefits | | |
| Compensated absences | 53.70 | 60.21 |
| Provision for warranty (Refer note 38) | 7.24 | 17.90 |
| **Total** | **60.94** | **78.11** |

### Note 24: Other current liabilities

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advance from customers | 1,532.12 | 1,227.62 |
| Deferred grant (₹ 3 Lakhs each year released to statement of profit and loss from year end March 31, 2017) | 21.00 | 24.00 |
| Other payables | | |
| Statutory dues | 493.84 | 324.40 |
| Others | 3.98 | 3.98 |
| Consideration received in advance for sale of property, plant and equipment | 858.94 | - |
| **Total** | **2,909.88** | **1,580.00** |

### Note 25: Revenue from operations

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Sale of products (refer footnote below) | 48,049.39 | 33,486.47 |
| Sale of services | 78.14 | 48.34 |
| Other operating revenues | 39.71 | 24.43 |
| **Total** | **48,167.24** | **33,559.24** |

In accordance with the requirements of Ind AS, revenue for period 1st April 2017 to 30th June 2017 in respect of previous year is inclusive of excise duty.

**a) Contracts with customer**

| | Year ended March 31, 2019 |
|---|---|
| Revenue recognised from contracts with customers | 48,167.24 |
| Disaggregation of revenue | |
| Based on type of goods | |
| - Sale of sheet metal stampings, welded assemblies and modules | 41,422.02 |
| - Sale of scrap | 6,627.37 |
| - Others | 117.85 |
| Based on market | |
| - Original equipment manufacturers | 41,422.02 |
| - Others | 6,745.22 |
| Impairment losses recognised on receivables or contract assets arising from an entity's contracts with customers | - |

## Notes forming part of financial statements

**b) Details of contract balances:**

The following table provides information about trade receivables and contract liabilities from contracts with customers: **(₹ in Lakhs)**

| | **Year ended March 31, 2019** |
|---|---|
| Trade receivables | 6,470.06 |
| Contract liabilities | 2,118.21 |

The contract liabilities primarily relate to the advance consideration received from customers and claims payable to customers, for which revenue is recognised as and when control in promised goods is transferred.

Significant changes in the contract liability balances during the year ended March 31, 2019 are as follows:

| | |
|---|---|
| **Contract liabilities at the beginning of the year** | **1,609.23** |
| Revenue recognised that was included in the contract liability balance at the beginning of the reporting period | **600.57** |
| Increase due to cash received, excluding amounts recognised as revenue during the period | **1,109.55** |
| Translation exchange difference | **-** |
| **Contract liabilities at the end of the year** | **2,118.21** |

**c) Performance obligations**

The Company satisfies its performance obligations pertaining to the sale of auto components at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract and do not contain any financing component. The payment is generally due within 30-90 days. There are no other significant obligations attached in the contract with customer.

**d) Transaction price**

There is no remaining performance obligation for any contract for which revenue has been recognised till period end. Further, the Company has not applied the practical expedient as specified in para 121 of Ind AS 115 as the Company do not have any performance obligations that has an original expected duration of one year or less or any revenue stream in which consideration from a customer corresponds directly with the value to the customer of the Company's performance completed to date.

**e) Determining the timing of satisfaction of performance obligations**

There is no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, transaction price and allocation of it to the performance obligations.

**f) Determining the transaction price and the amounts**

The transaction price ascertained for the only performance obligation of the Company (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price except for refund due to shortages which is adjusted with revenue.

**g) Cost to obtain contract or fulfil a contract**

There is no cost incurred for obtaining or fulfilling a contract and there is no closing assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

## Notes forming part of financial statements

### Note 26: Other income

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest income on deposit with bank | 0.23 | 1.48 |
| Net gain on sale of property, plant and equipment | 44.75 | - |
| Net foreign exchange gain | 18.81 | - |
| Other non-operating income | 135.32 | 3.08 |
| **Total** | **199.11** | **4.56** |

### Note 26 (a): Cost of materials consumed

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Inventory of raw materials at the beginning of the year | 1,965.76 | 1,253.81 |
| Add: Purchases | 38,515.90 | 26,557.89 |
| Less: Inventory of raw material at the end of the year | 3,056.03 | 1,965.76 |
| **Total** | **37,425.63** | **25,845.94** |

### Note 26 (b): Changes in inventories of finished goods, work-in progress and stock-in-trade

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Opening stock** | | |
| Work-in-progress | 519.75 | 723.99 |
| Finished goods | 175.56 | 193.67 |
| Scrap | 29.48 | 21.74 |
| | 724.79 | 939.40 |
| **Closing stock** | | |
| Work-in-progress | 1,480.47 | 519.75 |
| Finished goods | 361.31 | 175.56 |
| Scrap | 122.15 | 29.48 |
| | 1,963.93 | 724.79 |
| **Total** | **(1,239.14)** | **214.61** |

### Note 27: Employee benefits expenses

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries, wages and bonus | 3,053.82 | 2,921.10 |
| Contributions to provident fund and other fund | 272.93 | 194.21 |
| Staff welfare expenses | 423.25 | 353.05 |
| **Total** | **3,750.00** | **3,468.36** |

## Notes forming part of financial statements

### Note 28: Finance costs

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | 1,650.05 | 1,147.84 |
| **Total** | **1,650.05** | **1,147.84** |

### Note 29: Depreciation and amortization expense

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 971.25 | 998.93 |
| Amortization of intangible assets | 4.41 | 4.44 |
| **Total** | **975.66** | **1,003.37** |

### Note 30: Other expenses

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Consumption of consumables, stores and spare parts | 666.37 | 420.77 |
| Contract labour charges | 1,653.16 | 1,259.10 |
| Power and fuel | 1,114.08 | 895.44 |
| Rent and service charges | 149.81 | 149.54 |
| Repairs and maintenance | | |
| Buildings | 94.46 | 92.43 |
| Machinery | 716.86 | 485.78 |
| Others | 114.21 | 74.27 |
| Insurance | 75.44 | 81.60 |
| Rates and taxes | 102.41 | 209.90 |
| Communication expenses | 9.38 | 15.95 |
| Travelling and conveyance | 49.82 | 37.48 |
| Freight and forwarding | 671.18 | 677.57 |
| Consumption of packing material | 27.87 | 27.52 |
| Legal and professional fees (refer note 30 (a) below) | 384.61 | 303.03 |
| Provision for doubtful trade receivables | 3.97 | 66.84 |
| Net loss on foreign currency transaction | - | 8.70 |
| Net loss on sale of property, plant and equipment | - | 1.04 |
| Processing charges | 899.82 | 953.92 |
| Security expenses | 130.59 | 120.28 |
| Miscellaneous expenses | 202.86 | 179.13 |
| **Total** | **7,066.90** | **6,060.29** |

## Notes forming part of financial statements

### Note 30 : a) Legal and Professional fees includes following payment to auditors

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| As Auditor | | |
| Statutory audit | 8.00 | 8.00 |
| Tax audit | 1.00 | 1.00 |
| Limited review of quarterly results | 3.00 | 3.00 |
| Reimbursement of expenses | 1.57 | - |
| **Total** | **13.57** | **12.00** |

### Note 31 : Fair Value Measurement

**Financial Instrument by category:**

As at March 31, 2019

(₹ in Lakhs)

| Particulars | Amortised cost | Financial assets / liabilities at fair value through profit or loss | Total Carrying value |
|---|---|---|---|
| **Financial Assets:** | | | |
| Trade receivables | 6,470.06 | - | 6,470.06 |
| Cash and cash equivalents | 57.75 | - | 57.75 |
| Bank balances other than cash and cash equivalents | 1.73 | - | 1.73 |
| Other financial asset | 177.26 | - | 177.26 |
| **Financial Liabilities:** | | | |
| Borrowings | 14,584.49 | - | 14,584.49 |
| Tarde payable | 9,098.74 | - | 9,098.74 |
| Other financial liabilities | 1,440.51 | 0.08 | 1,440.59 |

As at March 31, 2018

(₹ in Lakhs)

| Particulars | Amortised cost | Financial assets / liabilities at fair value through profit or loss | Total Carrying value |
|---|---|---|---|
| **Financial Assets:** | | | |
| Trade receivables | 3,153.15 | - | 3,153.15 |
| Cash and cash equivalents | 22.13 | - | 22.13 |
| Bank balances other than cash and cash equivalents | 2.76 | - | 2.76 |
| Other financial assets | 92.03 | 0.21 | 92.24 |
| **Financial Liabilities:** | | | |
| Borrowings | 10,291.34 | - | 10,291.34 |
| Trade payable | 7,312.38 | - | 7,312.38 |
| Other financial liabilities | 904.29 | - | 904.29 |

## Notes forming part of financial statements

### Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

| | As at March 31, 2019 | Fair value measurement at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Liability** | | | | |
| Derivative financial instruments - foreign currency forward | 0.08 | - | 0.08 | - |

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018:

| | As at March 31, 2018 | Fair value measurement at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Asset** | | | | |
| Derivative financial instruments - foreign currency forward | 0.21 | - | 0.21 | - |

The carrying amount of trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, other current financial assets, short term borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.
The Company has availed long term borrowings from banks, financial institutions and holding Company carrying interest in the range of 9.50% to 16.60%. The Company has determined the fair value of these loans based on discounted cash flows using a current borrowing rate. The carrying values approximates their respective fair values. Similarly the fair value of non-current financial assets also approximates its carrying value.

## Notes forming part of financial statements

**Valuation technique used to determine fair value**
Specific valuation technique used to value financial instruments include
Fair value of forward foreign exchange contracts is determined using forward exchange rates as at the balance sheet date
Fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**Valuation processes**
For valuation of financial assets and liabilities, the finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO and the valuation team on regular basis.

## Note 32 : Financial risk management

In the course of its business, the Company is exposed primarily to market risk, liquidity risk and credit risk. In order to minimize any adverse effects on the financial performance of the Company, the Company has a risk management policy which covers risks associated with the financial assets and liabilities such as credit risks, liquidity risk etc. The risk management policy is approved by the board of directors. The risk management framework aims to achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

### (A) 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 and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company’s liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company’s liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this.

*Maturities of financial liabilities*

The tables below analyses the Company’s financial liabilities into relevant maturity groupings based on their contractual maturities for:
- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

## Notes forming part of financial statements

The amounts disclosed in the table are the contractual undiscounted cash flows.

**(₹ in Lakhs)**

| Contractual maturities of financial liabilities | Upto 1 Year | Between 1 and 2 years | Between 2 years and above | Total |
|---|---|---|---|---|
| **March 31, 2019** | | | | |
| **Non-derivatives** | | | | |
| Borrowings | 11,809.49 | 2,775.00 | - | 14,584.49 |
| Trade payables | 9,098.74 | - | - | 9,098.74 |
| Other financial liabilities | 1,440.59 | - | - | 1,440.59 |
| **Total non-derivative liabilities** | **22,348.82** | **2,775.00** | **-** | **25,123.82** |

**(₹ in Lakhs)**

| Contractual maturities of financial liabilities | Upto 1 Year | Between 1 and 2 years | Between 2 years and above | Total |
|---|---|---|---|---|
| **March 31, 2018** | | | | |
| **Non-derivatives** | | | | |
| Borrowings | 6,485.06 | 3,681.28 | 125.00 | 10,291.34 |
| Trade payables | 7,312.38 | - | - | 7,312.38 |
| Other financial liabilities | 904.29 | - | - | 904.29 |
| **Total non-derivative liabilities** | **14,701.73** | **3,681.28** | **125.00** | **18,508.01** |

**(B) Market risk**

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(a) Interest rate risk**

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

The exposure of the borrowings (long term and short term (excluding factored receivables)) to interest rate changes at the end of the reporting period are as follows:-

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Variable rate borrowings | 9,334.49 | 2,930.35 |
| Fixed rate borrowings | 5,250.00 | 7,360.94 |
| **Total borrowings** | **14,584.49** | **10,291.29** |

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding's

## Notes forming part of financial statements

(₹ in Lakhs)

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate | Balance | % of total loans | Weighted average interest rate | Balance | % of total loans |
| Bank loan | 10.97% | 9,334.49 | 64.00% | 9.35% | 2,930.35 | 28.47% |

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

*Sensitivity*

Loss is sensitive to change in interest expenses from borrowings as a result of change in interest rates

| Change in Interest rate | Impact on profit after tax | |
|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 |
| Increases in rates by - 0.50% | 81.57 | 2.49 |
| Decreases in rates by - 0.50% | (81.57) | (2.49) |

**(b) Foreign currency risk**

The Company imports includes raw materials and capital goods. As a result of this the Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows.

The Company's risk management policy is to hedge around 50% to 70% of forecasted foreign currency transactions for the subsequent 6 months. The objective of the hedges is to minimize the volatility of the ₹ cash flows of highly probable forecast transactions.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lakhs)

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | USD | EUR | USD | EUR |
| Trade payables | 99.94 | 17.26 | 21.99 | 18.89 |
| Foreign exchange forward contracts | 0.08 | - | - | - |
| **Net exposure to foreign currency risk (liabilities)** | 99.86 | 17.26 | 21.99 | 18.89 |

*Sensitivity*

The sensitivity for above net exposure to foreign currency for all liabilities does not have a material impact to profit and loss

**(C) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness. For the Company , credit risk arises from cash and cash equivalents, other balances and deposits with bank and financial institutions and trade receivables.

*Credit risk management*

For banks and financial institutions, only high rated banks/institutions are accepted.

## Notes forming part of financial statements

For other financial assets, the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty.
- significant increase in credit risk on other financial instruments of the same counterparty.
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 90 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 365 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other financial assets that are neither impaired nor past due, there were no indications as at March 31, 2019, that defaults in payment obligations will occur.

The Company follows 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) model for recognition of impairment loss on financial assets measured at amortized cost other than trade receivables. The Company follows lifetime expected credit loss model (simplified approach) for recognition of impairment loss on trade receivables.

The ageing of trade receivable as on balance sheet date is given below. The age analysis has been considered from the due date.

**(₹ in Lakhs)**

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| **Trade receivables** | **Gross** | **Allowance** | **Net** | **Gross** | **Allowance** | **Net** |
| Period (in months) | | | | | | |
| Not due | 4,878.37 | - | 4,878.37 | 2,674.11 | - | 2,674.11 |
| Overdue up to 3 months | 1,412.42 | - | 1,412.42 | 377.10 | - | 377.10 |
| Overdue 3-6 months | 107.92 | - | 107.92 | 36.97 | - | 36.97 |
| Overdue more than 6 months | 155.96 | 84.61 | 71.35 | 145.61 | 80.64 | 64.97 |
| **Total** | **6,554.67** | **84.61** | **6,470.06** | **3,233.79** | **80.64** | **3,153.15** |

The following table summarizes the change in loss allowance measured using lifetime expected credit loss model

## Notes forming part of financial statements

(₹ in Lakhs)

| | |
|---|---|
| **Loss allowance on March 31, 2017** | **13.80** |
| Changes in loss allowance | 66.84 |
| **Loss allowance on March 31, 2018** | **80.64** |
| Changes in loss allowance | 3.97 |
| **Loss allowance on March 31, 2019** | **84.61** |

## Note 33 : Capital Management

**(a) Risk management**

The Company's objectives when managing capital are to:-

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of annual operating plans, long-term product and maintaining other strategic investment plans. The funding requirements are met through equity, long term borrowings and short-term borrowings. The Company's policy is aimed at maintaining optimum combination of short-term and long-term borrowings. The Company manages its capital structure and make adjustments considering the economic environment, the maturity profile of the overall debt of the Company and the requirement of the financial covenants.

Total debt includes all long term debts as disclosed in note 18 to the financial statements.

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Total long term debt | 2,775.00 | 3,806.28 |
| Total equity | (4,155.07) | (2,891.04) |
| **Total Capital** | **(1,380.07)** | **915.24** |

***Loan Covenants***

With respect to borrowing availed by the Company from Tata Capital Financial Services Limited, the Company is required to comply with following financial covenant:

- Total outside liabilities as a percentage of total net worth should not exceed 10.40 times.
- Total long term debt as a percentage of total tangible net worth should not exceed 3 times.

As at March 31, 2019 and March 31, 2018, the Company has breached the above covenants, which has been waived by Tata Capital Financial Services Limited.

## Notes forming part of financial statements

## Note 34 : Segment Information

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosure about products and services, geographic areas and major customer. The Company is engaged mainly in the business of manufacturing and trading of automobile components, design and engineering services. Based on the “management approach” as defined in Ind AS 108, the ‘Chief Operating Decision Maker’ (CODM) considers entire business as single operating segment. The Company’s operating divisions are managed from India. The principal geographical areas in which the Company operates are India.

The revenue from customer for each of the major products is as follows:-

**(₹ in Lakhs)**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| - Components, assemblies and sub-assemblies | 36,936.53 | 27,191.65 |
| - Tools, dies and moulds | 4,603.34 | 1,882.03 |
| - Scrap | 6,627.37 | 4,485.56 |
| **Total** | **48,167.24** | **33,559.24** |

Revenue from two customer of the Company’s single reportable segment is ₹ 31,155.52 Lakhs (March, 31 2018 ₹ 25,755.39 Lakhs) which are more than 10% of the Company’s total revenue.

## Note 35 : Related Party Transactions

**(a) Related parties and their relationship**

**Ultimate Holding Company**

i) Tata Sons Private Limited

**Holding Company**

i) Tata AutoComp Systems Ltd.

**Fellow subsidiaries (with whom transactions have taken place during the financial year)**

i) Tata Capital Financial Services Limited
ii) Tata AIG General Insurance Company Limited

**Other related parties (Group Companies)**

i) Tata Motors Limited
ii) Fiat India Automobiles Private Limited
iii) TAL Manufacturing Solutions Limited
iv) Tata Technologies Limited
v) Tata Steel Limited
vi) Tata Steel Processing and Distribution Limited
vii) Tata Teleservices (Maharashtra) Limited
viii) Tata Teleservices Limited
ix) Tata Communications Limited
x) Tata Ficosa Automotive Systems Private Limited
xi) Tata Toyo Radiator Limited
xii) Taco Hendrickson Suspensions Private Limited

## Notes forming part of financial statements

**Key management personnel**

i) Mr. Prashant Mahindrakar, CEO - Manager (till August 05, 2018)
ii) Mr. Neeraj Shrivastava, CEO - Manager (with effect from August 06, 2018)
iii) Mr. Pradeep Bhargava, Director
iv) Ms. Rati Forbes, Director
v) Mr. Deepak Rastogi, Director
vi) Mr. Bharat Parekh, Director
vii) Mr. Ajay Tandon, Director (till September 04, 2018)
viii) Mr. Harish Pathak, Director (till December 31, 2018)
ix) Mr. Ramnath Mukhija, Director (till February 04, 2019)
x) Mr. Sanjay Sinha, Director (with effect from October 26, 2018)
xi) Mr. Arvind Goel, Director (with effect form January 21, 2019)

### (b) Transactions with related parties

(₹ in Lakhs)

| | Transaction value | | Closing balance | |
|---|---|---|---|---|
| | Year ended March 31, 2019 | Year ended March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| **Sale of goods** | | | | |
| - Tata Motors Limited | 24,385.85 | 17,511.31 | 2,768.32 | 1,784.45 |
| - Fiat India Automobiles Private Limited | 6,831.62 | 5,419.54 | 1,123.00 | 938.39 |
| - Other Group Companies | 25.86 | - | - | - |
| **Purchase of goods** | | | | |
| - Tata Motors Limited | 699.42 | 268.03 | 150.25 | 139.15 |
| - Tata AutoComp Systems Limited | - | 27.28 | - | (34.67) |
| - Tata Steel Limited | 71.15 | 641.20 | 4.57 | 3.22 |
| - Tata Steel Processing and Distribution Limited | 4,810.36 | 3,103.46 | (185.04) | (64.64) |
| - Other Group Companies | 7.74 | 4.73 | (2.91) | (2.91) |
| **Sale of service** | | | | |
| - Tata Motors Limited | 58.09 | 31.50 | - | - |
| **Purchase of service** | | | | |
| - Tata AutoComp Systems Limited | 99.19 | 91.94 | (100.82) | (22.50) |
| - Fellow Subsidiaries | 71.91 | 68.48 | 5.84 | 5.84 |
| - Other Group Companies | 8.23 | 11.06 | (3.18) | (0.65) |
| **Recovery of expenses** | | | | |
| - Tata AutoComp Systems Limited | 7.95 | 3.98 | - | (0.84) |
| - Other Group Companies | - | - | - | 0.07 |
| **Reimbursement of expenses** | | | | |
| - Tata AutoComp Systems Limited | 43.16 | 9.67 | (41.91) | (2.82) |
| **Loan availed** | | | | |
| - Tata AutoComp Systems Limited | 850.00 | 1,750.00 | 3,950.00 | 3,100.00 |
| - Tata AutoComp Systems Limited - ICD | - | - | 1,300.00 | 1,300.00 |
| - Tata Capital Financial Services Limited | 17,160.00 | 4,900.00 | 4,224.41 | 2,434.05 |
| **Loan repaid** | | | | |
| - Tata Capital Financial Services Limited | (15,370.00) | (4,100.00) | - | - |
| **Interest paid** | | | | |
| - Tata AutoComp Systems Limited | 473.69 | 403.03 | - | - |
| - Tata Capital Financial Services Limited | 476.80 | 241.70 | (38.05) | (16.03) |

## Notes forming part of financial statements

| | | | | |
|---|---|---|---|---|
| **Sitting fees** | | | | |
| - Mr. Pradeep Mallick | - | 5.00 | - | - |
| - Mr. Pradeep Bhargava | 6.70 | 7.20 | - | - |
| - Ms. Rati Forbes | 4.60 | 7.80 | - | - |
| - Mr. Ramnath Mukhija | 5.50 | 6.20 | | |
| **Remuneration** | | | | |
| - Mr. Neeraj Shrivastava | | | | - |
| (From August 06, 2018) (Refer note d below) | | | | |
| Short-term employee benefits | 32.32 | - | - | - |
| - Mr. Prashant Mahindrakar | | | | |
| (Till August 05, 2018) (Refer note d below) | | | | |
| Short-term employee benefits | 19.73 | 53.98 | - | - |

**Notes:-**

a) The closing balances above are net of advances.

b) All outstanding balances are unsecured and are repayable in cash.

c) For borrowing terms and conditions refer note 18
In addition to the above related party transactions Tata Auto comp Systems Limited (Holding Company) has provided a letter of comfort of ₹ 1,710.25 lakhs to State Bank of India and ₹ 1,151.06 lakhs to HDFC Bank Ltd. (as at March 31, 2018 ₹ NIL) with respect to credit facilities availed by the Company.

d) As post employment obligations and other long-term employee benefits obligations are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above.

## Note 36 :

**(a) Contingent liabilities (To the extent not provided for)**

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Claims against the Company not acknowledged as debts** | | |
| Excise duty related matters | 118.27 | 118.27 |
| Labour matter (Refer note below) | 358.88 | 213.87 |
| Other matters | 52.43 | 52.43 |

Note: In addition to the above, there are certain pending cases in respect of labour matters, the impact of which is not quantifiable and is not expected to be material.

**(b)** There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution to provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the financial statements as at 31 March, 2019. The Company would record any further effect on its financial statements, on receiving additional clarity on the subject.

## Notes forming part of financial statements

## Note 37 : Commitments

### (a) Capital commitments

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances) | 85.58 | 559.04 |

### (b) Operating lease

The Company has entered into an agreement with Tata Capital Financial Services Limited for certain plant and machinery and with Unique Delta Force Security Pvt. Ltd. for Leased premise at Chakan. These have been classified as operating lease. These arrangements range for the period of 48 to 60 months, which includes both cancellable and non cancellable period.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Lease/ rent payments recognized in the Statement of Profit and Loss during the year | 71.30 | 61.80 |

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Payable in less than one year | 175.80 | 61.80 |
| Payable between one and five years | 456.00 | 61.80 |
| Payable after more than five years | - | - |
| **Total** | **631.80** | **123.60** |

## Note 38 : Movements in warranty provisions

Provision for warranty:- Estimated warranty costs are accrued at the time of sale of components to which the warranty provisions are applicable. It is expected that the majority of the warranty provision outstanding as at March 31, 2019 is likely to result in cash outflow within 18 months of the Balance Sheet date. The details of warranty provision are as follows:

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Carrying amount at the beginning of the year | 24.66 | 21.80 |
| Additional provision made during the year | (11.68) | 3.90 |
| Amounts used during the year | (2.11) | (1.04) |
| **Carrying amounts at the end of the year** | **10.87** | **24.66** |

## Notes forming part of financial statements

### Note 39 : Earnings per equity share

(₹ in Lakhs)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Loss for the year as per Statement of Profit and Loss | (1,262.75) | (4,656.08) |
| Weighted average no. of equity shares | 15,864,397 | 15,864,397 |
| (Loss) per share (Basic and Diluted) | (7.96) | (29.35) |
| Nominal value of an equity share | 10.00 | 10.00 |

### Note 40 : Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows:

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year** | | |
| - Principal amount due to micro and small enterprises | 128.21 | 513.87 |
| - Interest on the principal amount due | 1.32 | 0.40 |
| **The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year** | | |
| - Payments made to suppliers beyond the appointed date | 243.64 | 2,974.85 |
| - Interest paid on above | - | - |
| **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 the MSMED Act 2006** | 7.21 | 11.71 |
| **The amount of interest accrued and remaining unpaid at the end of each year** | 8.53 | 12.11 |
| **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 supplier.** | 67.55 | 59.02 |

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by auditors.

### Note 41 : Corporate social responsibility

The Company does not meet the criteria specified in sub section (1) of section 135 of the Companies Act, 2013, read with Companies [Corporate Social Responsibility (CSR)] Rules, 2014. Therefore it is not required to incur any expenditure on account of CSR activities during the year.

## Notes forming part of financial statements

### Note 42 : Income Tax

The Company does not have taxable income in current and previous year and hence no tax expenses have been recognized. Further since it is not probable that future taxable amounts will be available to utilize the deferred tax assets in respect of following unused tax losses and unabsorbed depreciation, no deferred tax assets have been recognized.

**(₹ in Lakhs)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---:|---:|
| Unused Tax losses for which no deferred tax asset has been recognised | | |
| - Business Losses | 7,117.64 | 5,972.64 |
| - Unabsorbed depreciation | 6,963.73 | 5,084.28 |
| Potential tax benefit | 4,351.14 | 3,416.59 |

Unused tax losses with respect to unabsorbed depreciation do not have an expiry date.
Unused tax losses with respect to Business losses have following expiry dates

| **Expiry date** | **Amounts** |
|---|---:|
| March 31, 2024 | 1,379.30 |
| March 31, 2025 | 1,088.30 |
| March 31, 2027 | 3,199.45 |
| March 31,2028 | 1,450.59 |
| **Total** | **7,117.64** |

### Note 43 : Employee benefits

**(A) Defined benefit plans**

**a) Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognized funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Changes in present value of defined benefit obligation are as follows:

**(₹ in Lakhs)**

| | **Present value of obligation** | **Fair value of plan assets** | **Net amount** |
|---|---:|---:|---:|
| **Opening defined benefit obligation as at April 1, 2017** | 591.15 | (374.31) | 216.84 |
| Current service cost | 46.70 | - | 46.70 |
| Interest expense/(income) | 39.91 | (25.98) | 13.93 |
| **Total amount recognized in profit or loss** | **86.61** | **(25.98)** | **60.63** |

## Notes forming part of financial statements

| | | | |
|---|---|---|---|
| *Remeasurements* | | | |
| Return on plan assets, excluding amounts included in interest expense | - | 0.96 | 0.96 |
| (Gain) from change in financial assumptions | (14.67) | - | (14.67) |
| Experience losses | 5.53 | - | 5.53 |
| **Total amount recognized in other comprehensive income** | **(9.14)** | **0.96** | **(8.18)** |
| Employer contributions | - | (4.50) | (4.50) |
| Benefit payments | (25.51) | - | (25.51) |
| **Closing defined benefit obligation as at March 31, 2018** | **643.11** | **(403.83)** | **239.28** |

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **Opening defined benefit obligation as at April 1, 2018** | 643.11 | (403.83) | 239.28 |
| Current service cost | 47.42 | - | 47.42 |
| Interest expense/(income) | 44.48 | (29.99) | 14.49 |
| **Total amount recognized in profit or loss** | **91.90** | **(29.99)** | **61.91** |
| *Remeasurements* | | | |
| Return on plan assets, excluding amounts included in interest expense | - | 3.18 | 3.18 |
| Loss from change in financial assumptions | 11.57 | - | 11.57 |
| Experience (gains) | (13.46) | - | (13.46) |
| **Total amount recognized in other comprehensive income** | **(1.89)** | **3.18** | **1.29** |
| Employer contributions | - | (3.00) | (3.00) |
| Benefit payments | (83.87) | - | (83.87) |
| **Closing defined benefit obligation as at March 31, 2019** | **649.25** | **(433.64)** | **215.61** |

The net liability disclosed above relates to funded plans are as follows:

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Present value of funded obligations | 649.25 | 643.11 |
| Fair value of plan assets | (433.64) | (403.83) |
| **Non-current liability recognized in Balance Sheet** | **215.61** | **239.28** |

**Notes forming part of financial statements**

Valuation in respect of gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.00% | 7.40% |
| Salary escalation | 8.00% | 8.00% |
| Rate of return on plan assets | 8.00% | 8.00% |
| Attrition rate | 18.00% | 18.00% |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Increase/(decrease) in present value of defined benefit obligation as at the end of the year | | |
| (i) 1% increase in discount rate | (28.18) | (27.45) |
| (ii) 1% decrease in discount rate | 30.84 | 30.03 |
| (iii) 1% increase in rate of salary escalation | 30.37 | 29.69 |
| (iv) 1% decrease in rate of salary escalation | (28.27) | (27.65) |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Category of planned asset**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Insurer managed funds* | 100% | 100% |

* The Company maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2019 is considered to be the fair value.

Contribution expected to be paid to the plan during the next financial year ₹ 2.70 lakhs (March 31, 2018 ₹ 4.97 lakhs).

Notes forming part of financial statements

**b) The following payments are expected contributions to defined benefit plan in future years**

The weighted average duration of the defined benefit obligation is 5 years

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Defined benefit obligation** | | |
| Less than a year | 118.33 | 119.93 |
| Between 1 - 2 years | 112.64 | 114.02 |
| Between 2 - 5 years | 308.67 | 315.86 |
| Over 5 years | 425.81 | 445.65 |
| **Total** | **965.45** | **995.46** |

## (B) Defined contribution plans

The Company has recognized the following amounts in the Statement of Profit and Loss

**(₹ in Lakhs)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Contribution to Employee's Superannuation Fund | 29.83 | 19.19 |
| Contribution to Provident Fund | 144.55 | 156.81 |
| Contribution to Labour Welfare Fund | 0.59 | 0.45 |
| Contribution to Employee's State Insurance Scheme | 28.62 | 17.76 |

## (C) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

**1. Interest rate risk:**

The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**2. Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**3. Demographic risk:**

For example, as the plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if turnover rates increase then the liability will tend to fall as fewer employees reach vesting period.

## Notes forming part of financial statements

## Note 44 : Assets pledged as security

(₹ in Lakhs)

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Current** | | |
| **Financial assets** | | |
| *First charge* | | |
| Other receivables | 6,470.06 | 3,153.15 |
| **Non-financial assets** | | |
| *First charge* | | |
| Inventories | 5,264.68 | 2,874.97 |
| **Total current assets pledged as security** | **11,734.74** | **6,028.12** |
| **Non-current** | | |
| **Non-financial assets** | | |
| *First charge* | | |
| Leasehold land | 131.42 | - |
| Building | 1148.15 | - |
| Plant and machinery | 7,064.72 | 5,988.21 |
| *Second charge* | | |
| Freehold land | 23.55 | 23.55 |
| Building | 1,152.16 | 1,183.56 |
| **Total non-current assets pledged as security** | **9,520.00** | **7,195.32** |
| **Total assets pledged as security** | **21,254.74** | **13,223.44** |

## Note 45 : Managerial remuneration

Mr. Prashant Mahindrakar resigned as a Manager designated as Chief Executive Officer of the Company with effect from close of working hours of August 5, 2018. The approval of Members in terms of Companies Act, 2013 was obtained at the 27th Annual General Meeting held on July 28, 2017. Mr. Neeraj Shrivastava was appointed as Manager designated as Chief Executive Officer of the Company w.e.f. August 6, 2018. The approval of Members in terms of Companies Act, 2013 for his appointment and remuneration would be obtained at the ensuing 29th Annual General Meeting.

## Note 46 :

The figures for the previous year have been regrouped / rearranged as necessary to conform to current year's presentation and disclosure.

As per our report of even date.
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W / W-100022

**Swapnil Dakshindas**
Partner
Membership No: 113896

Place: Pune
Date: April 24, 2019

**For and on behalf of the Board of Directors**
**Automotive Stampings and Assemblies Limited**
CIN:L28932PN1990PLC016314

**Pradeep Bhargava**
Chairman
DIN: 00525234

**Deepak Rastogi**
Director
DIN: 02317869

**Neeraj Shrivastava**
Chief Executive Officer

**Easwaran S.**
Chief Financial Officer

**Ashutosh Kulkarni**
Company Secretary

Place: Pune
Date: April 24, 2019