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 2020, 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 2020, and loss and other comprehensive loss, 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 on the financial statements.

Material uncertainty related to going concern

We draw attention to note 4.4 to the financial statements, which indicates that the Company incurred a net loss of INR 1,701.37 Lakhs during the year ended 31 March 2020 and, as of that date, the Company's liabilities exceeded its total assets by INR 5,883.33 Lakhs. The fallout of the COVID-19 pandemic is likely to have severe repercussions on the Indian economy. Any valuation / forecasting assessments performed in this environment are exposed to a higher-than-usual degree of estimation uncertainty and judgement. These events or conditions, along with other matters as set forth in note 4.4, indicates 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 in respect of this matter.

Emphasis of Matter

We draw attention to note 47 to the financial statements which states that the comparative information presented in the Cash Flow Statement for the year ended 31 March 2019 has been restated by the management in accordance with Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors, for correction of classification of advance received in the year 2018-19 for sale of leasehold land and building amounting to INR 858.94 Lakhs.

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 this matter. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matter described below to be the key audit matter to be communicated in our report.

Description of key audit matter	How the matter was addressed in our audit
Impairment evaluation of Property, Plant and Equipment (“PPE”) (refer note 2.4 and 5 to the financial statements) Based on the guidance provided by Ind AS 36 ‘Impairment of assets’, the following indicators that PPE may be impaired have been identified: • As of 31 March 2020, the Company’s total liabilities exceeded its total assets by INR 5,883.33 lakhs. • The Company has been consistently reporting losses for the past 8 years. For the year ended 31 March 2020, the Company has reported a net loss before exceptional items and tax amounting to INR 3,789.37 lakhs. • The automobile sector is expected to face severe business and operational challenges in the near future due to the COVID-19 pandemic. This is likely to have an adverse impact on the economic performance and hence, recoverable amount of the PPE. Therefore, as required by Ind AS 36, the Company has estimated the recoverable amount of its PPE with the assistance of an external expert. The fallout of the COVID-19 pandemic is likely to have severe repercussions on the Indian economy. Any valuation / forecasting assessments performed in this environment are exposed to a higher-than-usual degree of estimation uncertainty and judgement. Accordingly, this is a key audit matter.	Our audit procedures included: – Obtaining an understanding of the Company’s process and key controls over the impairment evaluation. – Assessing and testing the design and operating effectiveness of such controls. – Evaluating the Company’s process with respect to impairment assessment and fair valuation Assessed the competence, experience and objectivity of the expert engaged by the management. – Involving our valuation specialists to assess and challenge the appropriateness of the valuation model and the underlying assumptions. – Assessing and testing the sensitivity analysis performed by the Company and evaluating whether any possible changes in assumptions could lead to a significant change in the recoverable value.

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.

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

Management's and Board of Directors' 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 (Auditors' 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. (A) 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 Ind AS specified under section 133 of the Act.

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

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) 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 2020 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 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

We draw attention to note 45 to the financial statements for the year ended 31 March 2020 according to which the managerial remuneration paid / accrued to the Chief Executive Officer of the Company (amounting to INR 29.17 Lakhs) exceeds the prescribed limits under section 197 read with Schedule V of the Companies Act, 2013 by INR 1.67 Lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting.

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
Firm Registration No: 101248W/W-100022

Abhishek
Partner
Membership No.: 062343
UDIN : 20062343AAAACE5171

Place: Pune
Date: 8 July 2020

Annexure A to the Independent Auditors' Report on the financial statements of Automotive Stampings and Assemblies Limited for the year ended 31 March 2020

With reference to 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 2020, 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 regular program of physical verification of its fixed assets, by which all the fixed assets are verified once every year. In accordance with this program, 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 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.

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 goods-in-transit have been physically verified by management during the year. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts. In respect of stock lying with third parties at the year end, written confirmation from major parties have been obtained and in respect of goods-in-transit, subsequent goods receipt has been verified by the management. 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. According to the information and explanations given to us, the Company has not granted any loans, made 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 on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, except for provident fund dues referred to in note 36(b) 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 2020, for a period of more than six months from the date they became payable. We draw attention to note 36(b) 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 the statute	Nature of the dues	Amount (₹ in Lakhs) (Gross Demand)	Amount (₹ in Lakhs) (Paid under Protest)	Period to which the amount re-lates	Forum where the dispute is pending
Central Excise Act, 1944	Duty	31.00	-	2007-2009	Custom, Excise and Service Tax Appellate Tribunal
	Duty	123.96	-	2008-2009	Custom, Excise and Service Tax Appellate Tribunal
	Penalty	83.82	69.83	2006-2011	Bombay High Court
	Duty	357.37	-	2002-2005	Custom, Excise and Service Tax Appellate Tribunal
Bombay Sales Tax Act, 1959	Sale Tax	2.92	-	2002-03	Joint Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Sale Tax	186.45	17.34	2013-14	Joint Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	30.08	-	2002-03	Commissioner of Income Tax (Appeals)
	Income Tax	7.65	-	2008-09	Commissioner of Income Tax (Appeals)
	Income Tax	10.69	-	2009-10	Commissioner of Income Tax (Appeals)
	Income Tax	17.78	-	2005-06	Commissioner of Income Tax (Appeals)
	Income Tax	6.94	-	2011-12	Commissioner of Income Tax (Appeals)

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 or Government or due to 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 paid / accrued to the Chief Executive Officer of the Company (amounting to INR 29.17 Lakhs) exceeds the prescribed limits under section 197 read with Schedule V of the Companies Act, 2013 by INR 1.67 Lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting. (Refer note 45 to the financial statements).

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 to the Company.

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
Firm Registration No: 101248W/W-100022

Abhishek
Partner
Membership No.: 062343
UDIN : 20062343AAAACE5171

Place: Pune
Date: 8 July 2020

Annexure B to the Independent Auditors' Report on the Financial Statements of Automotive Stampings and Assemblies Limited for the period ended 31 March 2020

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(A)(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 2020 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 2020, 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").

Emphasis of Matter

We draw attention to note 47 to the financial statements which states that the comparative information presented in the Cash Flow Statement for the year ended 31 March 2019 has been restated by the management in accordance with Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors for correction of classification of advance received in the year 2018-19 for sale of leasehold land and building amounting to INR 858.94. Our opinion is not modified in respect of this matter.

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
Firm Registration No: 101248W/W-100022

Abhishek
Partner
Membership No.: 062343
UDIN : 20062343AAAACE5171

Place: Pune
Date: 8 July 2020

Automotive Stampings and Assemblies Limited

BALANCE SHEET

(All figures in INR Lakhs, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	9,543.40	10,459.29
Capital work-in-progress	5	377.83	362.72
Right of use Assets	37 (b)	325.27	-
Other intangible assets	5	43.75	5.19
Financial assets			
(i) Loans	6A	93.80	93.80
(ii) Other financial assets	6B	20.50	20.50
Deferred tax assets (net)	7	-	-
Income tax asset (net)	8	223.24	224.53
Other non-current assets	9	333.88	241.52
Total non-current assets		**10,961.67**	**11,407.55**
Current assets			
Inventories	10	3,137.18	5,264.68
Financial assets			
(i) Trade receivables	11	3,167.48	6,470.06
(ii) Cash and cash equivalents	12 (a)	40.98	57.75
(iii) Bank balances other than cash and cash equivalents	12 (b)	12.96	1.73
(iv) Other financial assets	13	435.13	62.96
Other current assets	14	776.03	802.12
		7,569.76	**12,659.30**
Assets classified as held for sale	15	-	241.41
Total current assets		**7,569.76**	**12,900.71**
Total assets		**18,531.43**	**24,308.26**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,586.44	1,586.44
Other equity	17	(7,469.77)	(5,741.51)
Total equity		**(5,883.33)**	**(4,155.07)**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	2,650.00	2,775.00
(ii) Lease liabilities	37 (b)	109.12	-
Provisions	19	416.43	368.69
Total non-current liabilities		**3,175.55**	**3,143.69**
Current liabilities			
Financial liabilities			
(i) Borrowings	20	11,669.60	10,778.21
(ii) Lease liabilities	37 (b)	101.99	-
(iii) Trade payables			
(a) total outstanding dues of micro and small enterprises;	40	47.80	128.21
(b) total outstanding dues of creditors other than micro and small enterprises.	21	6,992.06	8,970.53
(iv) Other financial liabilities	22	1,411.93	2,471.87
Provisions	23	249.42	60.94
Other current liabilities	24	766.41	2,909.88
Total current liabilities		**21,239.21**	**25,319.64**
Total liabilities		**24,414.76**	**28,463.33**
Total equity and liabilities		**18,531.43**	**24,308.26**

Summary of significant accounting policies 2-4
Accompanying notes to financial statements 5-48
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

Abhishek
Partner
Membership No: 062343

Place: Pune
Date: 8 July 2020

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

Pradeep Bhargava
Chairman
DIN: 00525234

Deepak Rastogi
Director
DIN: 02317869

Yogesh Jaju
Chief Financial Officer

Jitendraa Dikkshit
Chief Executuve Officer

Ashutosh Kulkarni
Company Secretary

Place: Pune
Date: 8 July 2020

STATEMENT OF PROFIT AND LOSS

(All figures in INR Lakhs, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	25	36,240.30	48,167.24
Other income	26	44.41	199.11
Total income		**36,284.71**	**48,366.35**
Expenses			
Cost of materials consumed	26 (a)	26,750.23	37,425.63
Changes in inventories of finished goods and work-in progress	26 (b)	1,163.16	(1,239.14)
Employee benefits expense	27	3,445.18	3,750.00
Finance costs	28	1,748.27	1,650.05
Depreciation and amortization expense	29	1,131.16	975.66
Other expenses	30	5,836.08	7,066.90
Total expenses		**40,074.08**	**49,629.10**
Loss before exceptional item and tax		**(3,789.37)**	**(1,262.75)**
Exceptional item - Gain on sale of leasehold land and building	15	2,100.00	-
Loss before tax		**(1,689.37)**	**(1,262.75)**
Tax expense:			
Current tax (relating to previous years)		12.00	-
Deferred tax		-	-
Total tax expense		**12.00**	**-**
(Loss) for the year		**(1,701.37)**	**(1,262.75)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations - (loss)		(26.89)	(1.29)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive loss for the year, net of tax		**(26.89)**	**(1.29)**
Total comprehensive loss for the year		**(1,728.26)**	**(1,264.04)**
Earnings per equity share of INR 10 each (in INR)			
Basic	39	(10.72)	(7.96)
Diluted	39	(10.72)	(7.96)

Summary of significant accounting policies 2-4
Accompanying notes to financial statements 5-48

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

Abhishek
Partner
Membership No: 062343

Place: Pune
Date: 8 July 2020

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

Pradeep Bhargava
Chairman
DIN: 00525234

Deepak Rastogi
Director
DIN: 02317869

Yogesh Jaju
Chief Financial Officer

Jitendraa Dikkshit
Chief Executuve Officer

Ashutosh Kulkarni
Company Secretary

Place: Pune
Date: 8 July 2020

Automotive Stampings and Assemblies Limited

CASH FLOW STATEMENT

(All figures in INR Lakhs, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019 (Restated) (Refer Note 47)
A. **Cash flow from operating activities**		
Loss before tax	(1,689.37)	(1,262.75)
Adjustments for:		
Depreciation and amortization expense	1,131.16	975.66
Gain on sale of leasehold land and building	(2,100.00)	-
Net gain on sale of property, plant and equipment	(36.45)	(44.75)
Mark to market loss / (gain) on derivative contracts	(8.75)	0.08
Interest income	-	(0.23)
Finance costs	1,748.27	1,650.05
	(955.14)	**1,318.06**
Changes in operating assets and liabilities:		
Decrease / (increase) in trade receivables	3,302.58	(3,316.91)
Decrease / (increase) in inventories	2,127.50	(2,389.71)
(Decrease) / increase in trade payables	(2,058.88)	1,786.36
Increase in loans and other non-current financial assets	-	(42.66)
Decrease in other current financial assets	(363.42)	(42.12)
Increase in other non-current assets	(87.36)	(74.53)
Decrease / (increase) in other current assets	26.09	(88.29)
Increase / (decrease) in non current provisions	20.85	(54.77)
Increase / (decrease) in current provisions	188.48	(17.17)
(Decrease) / increase in other current liabilities	(1,284.53)	470.94
(Decrease) / increase in other current financial liabilities	(97.09)	283.42
Cash generated from / (used in) operations	**819.08**	**(2,167.38)**
Income taxes paid (net of refund, if any)	(10.71)	21.00
Net cash from / (used in) operating activities (A)	**808.37**	**(2,146.38)**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and capital work-in-progress	(587.46)	(1,500.76)
Proceeds from / advance received for sale of property, plant and equipment	1,708.87	915.65
Fixed deposit with banks having maturity over 12 months	(11.23)	1.02
Net cash from / (used in) investing activities (B)	**1,110.18**	**(584.09)**

CASH FLOW STATEMENT (CONTD.)

(All figures in INR Lakhs, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019 (Restated) (Refer Note 47)
C. Cash flow from financing activities		
Interest paid	(1,760.02)	(1,527.05)
Payment of lease liability	(114.48)	-
Repayment of long term borrowings	(951.44)	(1,350.00)
Unclaimed dividend paid	(0.77)	-
Proceeds from short term borrowings	17,653.42	18,010.00
Repayment of short term borrowings	(16,762.03)	(12,366.86)
Net cash (used in) / from financing activities (C)	**(1,935.32)**	**2,766.09**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(16.77)**	**35.62**
Cash and cash equivalents at the beginning of the year	57.75	22.13
Cash and cash equivalents at the end of the year	**40.98**	**57.75**
Cash and cash equivalents as per above comprise of the following [refer note 12 (a)]		
Cash on hand	0.29	0.62
Balances with banks	40.69	57.13
	40.98	**57.75**

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

Summary of significant accounting policies 2-4
Accompanying notes to financial statements 5-48

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

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

Abhishek
Partner
Membership No: 062343

Place: Pune
Date: 8 July 2020

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

Pradeep Bhargava
Chairman
DIN: 00525234

Deepak Rastogi
Director
DIN: 02317869

Yogesh Jaju
Chief Financial Officer

Jitendraa Dikkshit
Chief Executuve Officer

Ashutosh Kulkarni
Company Secretary

Place: Pune
Date: 8 July 2020

Statement of changes in equity

(All figures in INR Lakhs, unless otherwise stated)

A. Equity share	**Amount**
Balance as at April 1, 2018 Changes in equity share capital	1,586.44 -
Balance as at March 31, 2019	**1,586.44**
Balance as at April 1, 2019 Changes in equity share capital	1,586.44 -
Balance as at March 31, 2020	**1,586.44**

	Reserves and surplus				
	General reserve	**Capital redemption reserve**	**Securities premium reserve**	**Retained earnings**	**Total**
Balance as at April 1, 2018	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 loss (net of tax)	-	-	-	(1.29)	(1.29)
Balance as at March 31, 2019	**444.15**	**300.00**	**4,237.25**	**(10,722.92)**	**(5,741.52)**
Balance as at April 1, 2019	444.15	300.00	4,237.25	(10,722.92)	(5,741.52)
Loss for the year	-	-	-	(1,701.37)	(1,701.37)
Other comprehensive loss (net of tax)	-	-	-	(26.89)	(26.89)
Balance as at March 31, 2020	**444.15**	**300.00**	**4,237.25**	**(12,451.18)**	**(7,469.78)**

Summary of significant accounting policies 2-4
Accompanying notes to financial statements 5-48

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

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

Abhishek
Partner
Membership No: 062343

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

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Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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 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.

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the year ended 31 March 2019. The changes in accounting policies are also expected to be reflected in the financial statements as at and for the year ending March 31, 2020.

Changes in accounting policies

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately if they are different from those under Ind 116 and the impact of changes is disclosed in Note 3.

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 Com panies 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 July 8, 2020."

(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 (INR), which is also the Company's functional currency. All amounts have been rounded off to the nearest Lakh except share data, unless otherwise indicated.

(iv) Current versus non-current classification

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

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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

(v) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(vi) Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is less than 12 months.

2.2 Revenue recognition

The Company generates revenue principally from -

(i) Sale of products including scrap sales:

The Company recognizes revenue when 'control' of the promised goods underlying the particular performance obligation is transferred to the customer in an amount that reflects the consideration it expects to receive in exchange for those goods. Control of products passes to the customers, at a point in time which is usually upon delivery of goods to the customer / carrier appointed by the

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

customer. Invoices are generated, and revenue is recognised at that point in time. Invoices are usually payable within 30 – 90 days. Revenue excludes taxes collected from customers on behalf of the government.

For contracts that permit the customer to return an item, under Ind AS 115 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. In such circumstances, are fund liability and a right to recover returned goods asset are recognised. The amount disclosed as revenue is net of Goods and Services Tax collected on behalf of third parties.

(ii) Sale of tools:

Tooling contracts are the fixed price contracts to build a specific tool (asset). Under these contracts a performance obligation is satisfied when control of such assets underlying the particular performance obligation is transferred to the customer. Hence, revenue from tooling contracts is recognized when such tools are transferred to the customers since the customer receives and consumes the benefits at the end of the contract.

Generally, the Company receives short-term tooling advances from its customers which are utilised for providing advance to supplier of the tool. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of any significant financing component.

(iii) Sale of services:

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

(iv) Other Income:

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

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 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.

2.4 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

historical cost less depreciation. Historical cost comprises of purchase price, including non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use 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 im Schedule II of Companies Act, 2013 (in years)	Useful life followed by the Company (in year)
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 fitting	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.

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

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 that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates. Intangible assets are amortized on a straight line basis over their estimated useful lives ranging from 3-5 years. The amortization period and

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

amortization method are reviewed as at each Balance sheet 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 recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 recognised in profit or loss as other gains/(losses). Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

A. Policy applicable from April 01, 2019 (refer note 37(b))

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after April 01, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. For policy applicable before April 01, 2019

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, finished goods are stated at the lower of cost and net realizable value. Cost of raw materials 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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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.

(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 whichthey 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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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 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

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss

(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. There are three measurement categories into which the Company classifies its debt instruments:

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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Fair Value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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 (that are not held for trading or not designated at fair value through profit or loss) are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based in the effective interest method. Effective interest method is a method of calculating amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit or Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and 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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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.

An impairment loss for financial assets is reversed if the reversal can be related objectively to an event occurring after the impairment loss has been recognized."

(iv) Derecognition

A financial asset is derecognised 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income, if any, is recognized in the Statement of Profit or Loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of the financial asset.

Financial liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

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 of non-financial assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of otherassets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The carrying value of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying value that would have been determined (net of any accumulated depreciation or amortization) had no impairment loss been recognized for the said asset in previous years. The reversal of impairment loss is recognized in the Statement of profit and loss.

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

These amounts represent receivable for goods and services provided by the Company prior to the end of financial year which are not received. Trade receivable are presented as current assets unless payment is not due within 12 months after the reporting period. 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 to financial statement

(All figures in INR Lakhs, unless otherwise stated)

2.20 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract Liabilities are disclosed in Note 27 as advances from customers.

2.21 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 in the countries where the Company operate and generate taxable income. 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 standalone 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 realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise 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 realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.22 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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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.

2.23 Segment reporting

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

2.24 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.

2.25 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 .

2.26 Cash flow statement

Cash flows are reported using the indirect method, where by profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.27 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: Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements. The Company applied Ind AS 116 with a date of initial application of 1 April 01, 2019, using the modified retrospective approach. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2.9(A). On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind 116 was applied only to contracts entered into or changed on or after 1 April 2019.

B. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term leases [see Note 2.9]. For leases of other assets, which were classified as operating under Ind AS 17, the Company recognised right-of-use assets and lease liabilities.

(i) Leases classified as operating leases under Ind AS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- ➢ Applied a single discount rate to a portfolio of leases with similar characteristics
- ➢ Adjusted the right-of-use assets by the amount of Ind AS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- ➢ Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- ➢ Excluded initial direct costs from measuring the right-of-use asset at the date of initial application
- ➢ Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(ii) Leases previously classified as finance leases

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹139.42 lakhs has been reclassified from leasehold land to right of- use assets.

C. Impacts on the financial statements

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset and a lease liability of ₹ 428.56 lakhs. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at April 01, 2019. The incremental borrowing rate applied is 11% p.a. In the profit and loss account for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

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. They are based on historical experience and other factors, including expectations of future events that may have a

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

financial impact on the Company and that are believed to be reasonable under the circumstances.

Significant judgments

4.1 Revenue recognition - Sale of tools (Refer note 2.2)

The tooling contracts entered by the Company with customers requires management's judgement in determining whether these contracts should be considered as sale of goods under Ind-AS 18 or as construction contracts under Ind AS 11. The revenue for sale of goods is recognized when substantially all the risks and rewards are transferred to the customer and other criteria for revenue recognition for sale of goods as specified in the accounting policies are met. Revenue for construction contracts is recognized on a percentage of completion method.

The Management has regarded these tooling contracts as a contract to build a specific asset that meets the definition of construction contract in Ind AS 11. These tooling contracts are the fixed price contracts and measured and recognized as per the principles laid down under Ind AS 11. These principles require the recognition of revenue and expenses under "Percentage of Completion Method". Considering the Company's process of manufacturing these tooling contracts, the management has assessed that the contract costs to complete the contract and the stage of contract completion cannot be measured reliably except at the stage of completion of the tool. Owing to this, the revenue recognition in respect of these contracts is deferred till contract completion.

4.2 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.

4.3 Classification of leasehold land

The Company has entered into lease agreement for land at one 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.

4.4 Going concern assumptions

The Company has incurred significant losses of INR 1,701.37 lakhs for the financial year ended March 31, 2020 and the Company's total liabilities exceeded its total assets by INR 5,883.33 lakhs as at March 31, 2020. 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. The Company has prepared a strategic plan for the next five years. It is now getting updated after giving the unexpected effect of COVID - 19 on its performance for the year 2020-21. The said plan takes into account reductions in costs through operational efficiency improvement initiatives and rationalization of existing operations, adding new businesses, increase in sales volumes from the existing and new customers, raising of finance from various sources etc. which will help in improving the Company's future financial performance.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

4.5 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 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.

4.6 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 is India.

4.7 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 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.

4.8 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.

4.9 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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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.

4.10 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.

4.11 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.

4.12 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The World Health Organisation in February 2020 declared COVID 19 as a pandemic. The pandemic has been rapidly spreading throughout the world, including India. Governments around the world including India have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, the Company's manufacturing plants and offices also had to be closed down for a considerable period of time, including after the year end. As a result of the lockdown, the likely revenue from the month of March 2020 has been impacted. The Company is monitoring the situation closely taking into account directives from the Government.

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdown in the preparation of the financial statements including the assessment of recoverable values of its property, plant and equipment, right-of-use assets, investments in subsidiaries and joint ventures, financial assets and the net realizable values of other assets. However, given the effect of these lockdowns on the overall economic activity in India and in particular on the automotive and auto component industry and the Company's customers, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

4.13 Standard issued by not yet effective

Ministry of Corporate Affairs notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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

a. Reconciliation of carrying amounts

	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, 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**
Balance as at April 1, 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**
Leasehold land transferred to Right of use assets	-	(139.42)	-	-	-	-	-	-	-	(139.42)	-
Additions	-	-	46.20	-	325.72	5.71	2.87	46.91	-	427.41	44.49
Disposals	-	-	-	-	(215.98)	-	(7.19)	(3.83)	-	(227.00)	-
Balance as at March 31, 2020	**30.46**	**-**	**3,601.75**	**123.13**	**10,320.05**	**30.79**	**22.78**	**112.98**	**4.42**	**14,246.37**	**87.85**
Accumulated depreciation and amortization											
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**
Balance as at April 1, 2019	-	7.99	662.29	8.69	2,971.61	8.15	17.52	45.48	4.35	3,726.08	38.17
Leasehold land transferred to Right of use assets	-	(7.99)	-	-	-	-	-	-	-	(7.99)	-
Depreciation and amortization charge for the year	-	-	168.05	2.27	836.72	1.75	2.95	10.12	0.07	1,021.93	5.94
Disposals	-	-	-	-	(27.35)	-	(5.87)	(3.83)	-	(37.05)	-
Balance as at March 31, 2020	**-**	**-**	**830.34**	**10.96**	**3,780.99**	**9.90**	**14.59**	**51.77**	**4.42**	**4,702.97**	**44.11**
Carrying amount (net)											
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**
Balance as at March 31, 2020	**30.46**	**-**	**2,771.41**	**112.17**	**6,539.06**	**20.89**	**8.19**	**61.21**	**-**	**9,543.40**	**43.75**

b. **Capital work-in-progress**

Capital work-in-progress as at March 31, 2020 amounts to INR 377.83 Lakhs comprising majorly of addition to factory building at Pantnagar plant and at Pune Plant for ongoing projects and capacity expantions, while that as at March 31, 2019 amounts to INR 362.72 Lakhs comprising majorly of addition to to plant & machinery and factory building at Chakan and Pantnagar plant for upcoming projects and capacity expantions.

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 to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 6A: Loans (non current)

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	93.80	93.80
Total	**93.80**	93.80

Note 6B: Other financial assets (non current)

	As at March 31, 2020	As at March 31, 2019
Claims receivable	17.66	17.66
Margin money deposit (Under bank's lien)	2.84	**2.84**
Total	**20.50**	**20.50**

Note 7: Deferred tax assets (net)

	As at March 31, 2020	As at March 31, 2019
Deferred tax asset		
Unabsorbed depreciation	1,008.91	1,042.81
Provision for employee benefits	79.65	67.27
Provision for slow moving / obsolete inventories	14.03	37.83
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	134.82	101.44
Others	65.37	43.64
	1,302.77	1,292.99
Deferred tax liability		
Excess of depreciation/amortization on property, plant and equipment under Income Tax law over depreciation/amortization provided in the accounts	1,302.77	1,292.99
	1,302.77	1,292.99
Total deferred tax assets (net)	**-**	**-**

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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Movement in deferred tax assets / (liabilities)

	Unabsorbed depreciation	Provision for employee benefits	Provision for slow moving / obsolescence inventory	Expenditure covered by section 43 B of Income Tax Act, 1961	Others	Depreciation
Balance as at March 31, 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)**
Balance as at April 1, 2019	1042.81	67.27	37.83	101.44	43.64	(1292.99)
(Charged)/ credited :						
- to profit or loss	(33.90)	12.38	(23.80)	33.38	21.72	(9.79)
- to other comprehensive income	-	-	-	-	-	-
Balance as at March 31, 2020	**1008.91**	**79.65**	**14.03**	**134.82**	**65.37**	**(1302.77)**

Note 8: Income tax asset (net)

	As at March 31, 2020	As at March 31, 2019
Opening balance	224.53	245.53
Less: Current tax payable pertaining to earlier years	(12.00)	-
Less: Refunds received during the year	(65.78)	(98.37)
Add: Taxes paid during the year	76.49	77.37
Closing balance	**223.24**	**224.53**

Note 9: Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Capital advances	21.77	16.77
Balances with government authorities	211.21	36.21
Taxes paid under protest	218.18	244.26
Less: Provision for doubtful claims	(117.28)	(55.72)
	100.90	188.54
Total	**333.88**	**241.52**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 10: Inventories

	As at March 31, 2020	As at March 31, 2019
Raw materials	2,024.10	3,056.03
Finished goods (includes goods-in-transit of INR 51.42 Lakhs;		
March 31, 2019: INR 60.31 Lakhs)*	229.42	361.31
Work-in-progress	509.65	1,480.47
Stores and spares	312.31	244.72
Scrap	61.70	122.15
Total	**3,137.18**	**5,264.68**

*(i) Write-downs of inventories to net realizable value amounted to INR 5.95 Lakhs (March 31, 2019 INR 10.29 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.

(ii) Inventories have been offered as securities against the working capital facilities provided by the banks. Refer note 44.

Note 11: Trade receivables

	As at March 31, 2020	As at March 31, 2019
Trade receivables	1,663.28	2,636.61
Receivables from related parties (refer note 35)	1,596.43	3,918.06
Less: Loss allowance	(92.23)	(84.61)
Total	**3,167.48**	**6,470.06**

Break-up of security details

	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	3167.48	6,470.06
Trade receivables which have significant increase in credit risk	92.23	84.61
Trade receivables - credit impaired	-	-
Total	**3,259.71**	**6,554.67**
Less: Impairment loss allowance	(92.23)	(84.61)
Total trade receivables	**3,167.48**	**6,470.06**

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

(ii) Trade receivables have been offered as securities against the working capital facilities provided by the banks. Refer note 44.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 12 (a): Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Bank balances		
- in current accounts	40.69	57.13
Cash on hand	0.29	0.62
Total	**40.98**	**57.75**

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

	As at March 31, 2020	As at March 31, 2019
Bank balances		
- Margin money deposits (restricted)	12.96	0.96
- Balance with bank in unpaid dividend accounts (restricted)	-	0.77
Total	**12.96**	**1.73**

Note 13: Other financial assets (current)

	As at March 31, 2020	As at March 31, 2019
Claims receivable from vendor	409.88	-
Foreign currency derivative contracts	8.75	-
Other receivable	16.50	62.96
Total	**435.13**	**62.96**

Note 14: Other current assets

	As at March 31, 2020	As at March 31, 2019
Advances to suppliers	511.42	344.14
Balances with government authorities	179.81	380.14
Prepayments	70.02	77.84
Advance to employees	14.78	-
Total	**776.03**	**802.12**

Note 15: Assets classified as held for sale

	As at March 31, 2020	As at March 31, 2019
Leasehold land	-	56.05
Factory buildings	-	185.36
Total*	**-**	**241.41**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

*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. For the financial year 2018-19, the carrying value of said assets was 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 has been completed in the current financial year ended 31 March 2020 resulting in gain of INR 2,100 Lakhs as disclosed under exceptional item in the statement of profit and loss.

Note 16: Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorized		
20,000,000 (March 31, 2019 : 20,000,000) equity shares of INR 10 each	2,000.00	2,000.00
16,000,000 (March 31, 2019:16,000,000) preference shares of INR 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 INR 10 each. (31 March 2019: 15,864,397 equity shares of INR 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

	As at March 31, 2020		As at March 31, 2019	
	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

(b) Shares held by Holding Company

	As at March 31, 2020	As at March 31, 2019
11,898,296 equity shares (March 31, 2019 : 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

Name of the shareholder	31 March 2020		31 March 2019	
	Number of shares held as on March 31, 2020	% holding	Number of shares held as on March 31, 2019	% holding
Tata AutoComp Systems Limited	11,898,296	75.00%	11,898,296	75.00%

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

(d) Terms and rights attached to equity shares:

The Company has only one class of 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.

Note 17: Other equity

	As at March 31, 2020	As at March 31, 2019
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	4,237.26
General reserve		
At the commencement and at the end of the year	444.15	444.15
Retained earning		
At the commencement of the year	(10,722.92)	(9,458.88)
(Loss) for the year	(1,701.37)	(1,262.75)
Remeasurements of post-employment benefit obligations during the period (net of tax)	(26.89)	(1.29)
At the end of the year	(12,451.18)	(10,722.92)
Total	**(7,469.77)**	**(5,741.51)**

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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 18: Borrowings (non - current)

	As at March 31, 2020	As at March 31, 2019
Term Loan		
Secured		
From banks	206.45	734.94
From related party	-	434.41
Unsecured		
From Holding Company (refer note 35)		
Long term loan	1,350.00	1,350.00
Inter Corporate Deposit (ICD)	1,300.00	1,300.00
	2,856.42	3,819.35
Less: Current maturities of long-term borrowings	(204.87)	(1,031.28)
Less: Interest accrued	(1.58)	(13.07)
Total	**2,650.00**	**2,775.00**

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

Lender and nature of facility	Amount outstanding as at March 31, 2020	Amount outstanding as at March 31, 2019	Terms of repayment/ Maturity detail
State Bank of India- Term loan	206.45	380.99	Phased repayment with quarterly installments ending in September 2020.
State Bank of India- Term loan	-	353.95	Repaid in quarterly installment by December 2019.
Tata Capital Financial Services Limited - Term loan	-	434.41	Repaid in quarterly installment by December 2019.
Tata AutoComp Systems Limited, Holding Company - Term loan	900.00	900.00	Repayment with scheduled installment in March 2022 (Rescheduled).
Tata AutoComp Systems Limited, Holding Company - Term loan	450.00	450.00	Repayment with scheduled installment in March 2022 (Rescheduled).
Tata AutoComp Systems Limited, Holding Company - ICD	1,300.00	1,300.00	Repayment with scheduled installment in March 2022 (Rescheduled).
Less: Current maturities of long-term borrowings	(204.87)	(1,031.28)	
Less: Interest accrued	(1.58)	(13.07)	
	2,650.00	**2,775.00**	

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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

Details of repayment of term loans (continued)

2. (a) Term loan of INR NIL (March 31, 2019 INR 434.41 Lakhs) from Tata Capital Financial Services Limited was secured by first and exclusive hypothecation of plant and machinery of Pantnagar plant of the Company.

   (b) Term Loan of INR 206.42 Lakhs (March 31, 2019 INR 380.99 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 INR NIL Lakhs (March 31, 2019 INR 353.95 Lakhs) from State Bank of India which was secured by first charge on plant and machinery at Chakan and Halol plant (except machinery already hypothecated to SBI for Term loan in (b) above 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 10.25% p.a. to 16.60% p.a.

Note 19: Provisions (non-current)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	163.18	149.45
Gratuity (refer note 43)	251.86	215.61
Provision for warranty (refer note 38)	1.39	3.63
Total	**416.43**	**368.69**

Note 20: - Borrowings (current)

	As at March 31, 2020	As at March 31, 2019
Secured		
Loans from banks repayable on demand	2,035.20	4,390.34
Loan from related party repayable on demand (refer note 35)	4,480.57	3,825.51
Unsecured		
Loan from Holding Company repayable on demand (refer note 35)	4,200.00	2,600.00
Loan from related party repayable on demand (refer note 35)	1,000.00	-
	11,677.39	10,815.85
Less: Interest accrued	(46.17)	(37.64)
Total	**11,669.60**	**10,778.21**

Notes:

1. Loans from banks repayable are secured by hypothecation of current assets and second charge on the movable and 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 bulding of Pantnagar plant of the Company.
3. Interest rates on the above loans range between 8.75% p.a. to 11.00% p.a.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 21: Trade payables

	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro and small enterprises	47.80	128.21
(b) Total outstanding dues of creditors other than micro and small enterprises		
- Acceptances	333.15	-
- Other than related parties	5,778.37	8,636.13
- To related parties	880.54	334.40
Total	**7,039.86**	**9,098.74**

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

Note 22: Other financial liabilities (current)

	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings	204.87	1,031.28
Creditors for capital goods	53.87	149.33
Claims payable to customers	601.33	586.09
Unclaimed dividend	-	0.77
Accrued employee liabilities	303.11	301.87
Interest accrued	140.69	180.90
Security deposit from customers	108.06	221.55
Foreign currency derivative contracts	-	0.08
Total	**1,411.93**	**2,471.87**

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

Note 23: Provisions (current)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	54.97	53.70
Gratuity (refer note 43)	3.44	-
Provision for warranty (refer note 38)	7.26	7.24
Provisions for tax contingencies	183.75	-
Total	**249.42**	**60.94**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 24: Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Advance from customers	612.86	1,532.12
Deferred grant (INR 3 Lakhs each year released to statement of profit and loss from year end March 31, 2017)	18.00	21.00
Other payables		
Statutory dues	131.46	493.84
Others	4.09	3.98
Consideration received in advance for sale of property, plant and equipment	-	858.94
Total	**766.41**	**2,909.88**

Note 25: Revenue from operations

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products (refer footnote below)	35,937.36	48,049.39
Sale of services	287.06	78.14
Other operating revenues	15.88	39.71
Total	**36,240.30**	**48,167.24**

a) Contracts with customer

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue recognised from contracts with customers	36,240.30	48,167.24
Disaggregation of revenue		
Based on type of goods		
- Components, assemblies and sub-assemblies	29,751.94	36,936.53
- Tools, dies and moulds	1,962.94	4,603.34
- Scrap	4,525.42	6,627.37
Based on market		
- Original equipment manufacturers	31,714.88	41,539.87
- Others	4,525.42	6,627.37
Impairment losses recognised on receivables or contract assets arising from an entity's contracts with customers	-	-

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

b) Details of contract balances:

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	Year ended March 31, 2020	Year ended March 31, 2019
Trade receivables	3,167.48	6,470.06
Contract liabilities	1,214.19	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 are as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Contract liabilities at the beginning of the year	2,118.21	1,609.23
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,532.12	600.57
Increase due to cash received, excluding amounts recognised as revenue during the year	628.10	1,109.55
Contract liabilities at the end of the year	**1,214.19**	**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 corre sponds 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 ob ligations, 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 allocated to performance obligations

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 to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 26: Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on deposit with bank	-	0.23
Net gain on sale of property, plant and equipment	36.45	44.75
Net foreign exchange gain	-	18.81
Other non-operating income	7.96	135.32
Total	**44.41**	**199.11**

Note 26 (a): Cost of materials consumed

	Year ended March 31, 2020	Year ended March 31, 2019
Inventory of raw materials at the beginning of the year	3,056.03	1,965.76
Add: Purchases	25,718.30	38,515.90
Less: Inventory of raw material at the end of the year	2,024.10	3,056.03
Total	**26,750.23**	**37,425.63**

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

	Year ended March 31, 2020	Year ended March 31, 2019
Opening 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
Closing stock		
Work-in-progress	509.65	1,480.47
Finished goods	229.42	361.31
Scrap	61.70	122.15
	800.77	1,963.93
Total	**1,163.16**	**(1,239.14)**

Note 27: Employee benefits expense

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	2,861.89	3,053.82
Contributions to provident fund and other fund	281.52	272.93
Staff welfare expenses	301.77	423.25
Total	**3,445.18**	**3,750.00**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 28: Finance costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on loan at amortised cost	1,748.27	1,650.05
Total	**1,748.27**	**1,650.05**

Note 29: Depreciation and amortization expense

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment	1,021.93	971.25
Amortization on other intangible assets	5.94	4.41
Amortization of right of use assets	103.29	-
Total	**1,131.16**	**975.66**

Note 30: Other expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of consumables, stores and spare parts	357.21	666.37
Contract labour charges	1,672.68	1,653.16
Power and fuel	774.35	1,114.08
Rent and service charges	150.84	149.81
Repairs and maintenance		
Buildings	57.96	94.46
Machinery	363.73	716.86
Others	50.85	114.21
Insurance	101.22	75.44
Rates and taxes	327.51	102.41
Communication expenses	6.73	9.38
Travelling and conveyance	56.29	49.82
Freight and forwarding	620.78	671.18
Consumption of packing material	67.30	27.87
Legal and professional fees (refer note 30(a))	121.35	384.61
Provision for doubtful trade receivables	7.62	3.97
Net loss on foreign currency transaction	0.70	-
Processing charges	572.43	899.82
Security expenses	188.03	130.59
Miscellaneous expenses	338.50	202.86
Total	**5,836.08**	**7,066.90**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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

	Year ended March 31, 2020	Year ended March 31, 2019
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 and certification fees	1.12	1.57
Total	**13.12**	**13.57**

Note 31 : Fair Value Measurement

Financial Instrument by category:

As at March 31, 2020

	Amortized cost	Financial assets / liabilities at fair value through profit or loss	Total Carrying value
Financial assets:			
Non Current			
Loans	93.80	-	93.80
Other financial asset	20.50	-	20.50
Current			
Trade receivables	3,167.48	-	3,167.48
Cash and cash equivalents	40.98	-	40.98
Bank balances other than cash and cash equivalents	12.96	-	12.96
Other financial asset	426.38	8.75	435.13
Financial liabilities:			
Non Current			
Borrowings	2,650.00	-	2,650.00
Lease liabilities	109.12	-	109.12
Current			
Borrowings	11,669.60	-	11,669.60
Lease liabilities	101.99	-	101.99
Tarde payable	7,039.86	-	7,039.86
Other financial liabilities	1,411.93	-	1,411.93

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 31 : Fair Value Measurement (Contd.)

Financial Instrument by category:

As at March 31, 2019

	Amortized cost	Financial assets / liabilities at fair value through profit or loss	Total Carrying value
Financial assets:			
Non Current			
Loans	93.80	-	93.80
Other financial asset	20.50	-	20.50
Current			
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 assets	62.96	-	62.96
Financial liabilities:			
Non Current			
Borrowings	2,775.00	-	2,775.00
Current			
Borrowings	10,778.21	-	10,778.21
Trade payable	9,098.74	-	9,098.74
Other financial liabilities	2,471.79	0.08	2,471.87

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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 31 : Fair Value Measurement (continued)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

	As at March 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Asset Derivative financial instruments - foreign currency forward	8.75	-	8.75	-

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 year using		
		Level 1	Level 2	Level 3
Liability Derivative financial instruments - foreign currency forward	0.08	-	0.08	-

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 10.25% to 10.50%. 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.

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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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's 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 volves 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.

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

Contractual maturities of financial liabilities	Upto 1 Year	Between 1 and 2 years	Between 2 years and above	Total
March 31 , 2020				
Non-derivatives			-	
Borrowings	11,669.60	2,650.00	-	14,319.60
Lease liabilities	101.99	109.12	-	211.11
Trade payables	7,039.86	-	-	7,039.86
Other financial liabilities	1,411.93	-		1,411.93
Total non-derivative liabilities	**20,223.38**	**2,759.12**	**-**	**22,982.50**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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	10,778.21	2,775.00	-	13,553.21
Trade payables	9,098.74	-	-	9,098.74
Other financial liabilities	2,471.87	-		2,471.87
Total non-derivative liabilities	**22,348.82**	**2,775.00**	**-**	**25,123.82**

(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 changeas 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:-

	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	6,674.44	9,334.49
Fixed rate borrowings	7,850.00	5,250.00
Total	**14,524.44**	**14,584.49**

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

	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest rate	Outstanding balance	% of total loans	Weighted average interest rate	Outstanding balance	% of total loans
Bank loan	10.62%	6,674.44	45.95%	10.97%	9,334.49	64.00%

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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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, 2020	**As at March 31, 2019**
Increases in rates by - 0.50% Decreases in rates by - 0.50%	33.37 (33.37)	81.57 (81.57)

(b) Foreign currency risk

The Company's 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 (INR). 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 INR cash flows of highly probable forecast transactions.

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

	As at March 31, 2020		**As at March 31, 2019**	
	USD	**EUR**	**USD**	**EUR**
Financial liabilities				
Trade payables	59.38	1.85	99.94	17.26
Foreign currency borrowings including interest	206.42	-	-	
Exposure to foreign currency risk (liabilities)	**265.80**	**1.85**	**99.94**	**17.26**
Foreign exchange forward contracts against above payables	249.65	-	75.52	-
Fair Value Gain / (Loss)	8.75	-	(0.08)	-

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.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Credit risk management

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

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, 2020, 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.

Trade receivables	As at March 31, 2020			As at March 31, 2019		
	Gross	Allowance	Net	Gross	Allowance	Net
Period (in months)						
Not due	792.90	-	792.90	4,878.37	-	4,878.37
Overdue up to 3 months	1,594.60	-	1,594.60	1,412.42	-	1,412.42
Overdue 3-6 months	174.04	-	174.04	107.92	-	107.92
Overdue more than 6 months	698.17	92.23	605.94	155.96	84.61	71.35
Total	**3,259.72**	**92.23**	**3,167.48**	**6,554.67**	**84.61**	**6,470.06**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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

Loss allowance on March 31, 2018	**80.64**
Changes in loss allowance	3.97
Loss allowance on March 31, 2019	**84.61**
Changes in loss allowance	7.62
Loss allowance on March 31, 2020	**92.23**

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.

	As at March 31, 2020	As at March 31, 2019
Total long term debt	2,650.00	2,775.00
Total equity	(5,883.33)	(4,155.07)
Total capital	**(3,233.33)**	**(1,380.07)**

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 covenants:

- 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, the Company has breached the above covenants, which has been waived by Tata Capital Financial Services Limited.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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.
Revenue from customer for each of the major products is as follows:-

	Year ended March 31, 2020	Year ended March 31, 2019
- Components, assemblies and sub-assemblies	29,751.94	36,936.53
- Tools, dies and moulds	1,962.94	4,603.34
- Scrap	4,525.42	6,627.37
Total	**36,240.30**	**48,167.24**

Revenue from major customer of the Company's single reportable segment is INR 17,744.52 Lakhs (March, 31 2019 INR 31,155.52 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

Tata Sons Private Limited

Holding Company

Tata AutoComp Systems Limited

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) Tata Advanced Systems Limited (formerly TAL Manufacturing Solutions Limited)

iv) Tata Technologies Limited

v) Tata Steel Limited

vi) Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited)

vii) Tata Teleservices (Maharashtra) Limited

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

viii) Tata Teleservices Limited

ix) Tata Communications Limited

x) Tata Ficosa Automotive Systems Private Limited

xi) Tata Toyo Radiator Limited

xii) Tata Autocomp Hendrickson Suspensions Private Limited

xiii) Voltas Limited

xiv) Tata Steel BSL Limited

Key management personnel and directors

i) Mr. Neeraj Shrivastava, CEO (Manager) (till May 03, 2019)

ii) Mr. Jitendraa Dikkshit, CEO (Manager) (with effect from October 17, 2019)

iii) Mr. Pradeep Bhargava, Director

iv) Ms. Rati Forbes, Director (till July 18, 2019)

v) Mr. Shrikant Sarpotdar Director (appointed wef April 24, 2019)

vi) Ms. Bhavna Bindra Director (appointed wef July 15, 2019)

vii) Mr. Arvind Goel, Director

viii) Mr. Deepak Rastogi, Director

ix) Mr. Sanjay Sinha, Director

x) Mr. Bharat Parekh, Director

(b) Transactions with related parties

	Transaction value		**Closing balance**	
	Year ended March 31, 2020	Year ended March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Sale of goods				
- Tata Motors Limited	17,744.52	24,385.85	1,864.70	2,768.32
- Fiat India Automobiles Private Limited	5,563.14	6,831.62	814.95	1,123.00
- Other Group Companies	354.58	25.86	19.74	-
Purchase of goods				
- Tata Motors Limited	265.51	699.42	(195.91)	150.25
- Tata Steel Limited	30.10	71.15	(6.31)	4.57
- Tata Steel Downstream Products Limited	5,186.83	4,810.36	623.30	(185.04)
- Other Group Companies	144.44	7.74	(5.98)	(2.91)
Purchase of Fixed Asset				
- Tata AutoComp Systems Limited	20.82	-	32.57	-
- Other Group Companies	50.89	-	-	-
Sale of service				
- Tata Motors Limited	89.84	58.09	-	-
- Fiat India Automobiles Private Limited	12.33	-	-	-

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

	Transaction value		Closing balance	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Purchase of service				
- Tata AutoComp Systems Limited	8.10	99.19	7.46	(100.82)
- Fellow Subsidiaries	42.47	71.91	-	5.84
- Other Group Companies	0.38	8.23	(20.57)	(3.18)
Sale of fixed asset				
-Tata Motors Limited	1.61	-	-	-
Recovery of expenses				
- Tata AutoComp Systems Limited	17.65	7.95	13.09	-
- Other Group Companies	1.83	-	-	-
Reimbursement of expenses				
- Tata AutoComp Systems Limited	133.76	43.16	243.60	(41.91)
Loan availed				
- Tata AutoComp Systems Limited	1,600.00	850.00	5,550.00	3,950.00
- Tata AutoComp Systems Limited - ICD	-	-	1,300.00	1,300.00
- Tata Capital Financial Services Limited	15,053.43	17,160.00	4,442.19	4,224.41
- Other Group Companies	1,000.00	-	1,000.00	-
Loan repaid				
- Tata Capital Financial Services Limited	(14,833.10)	(15,370.00)	-	-
Interest paid				
- Tata AutoComp Systems Limited	693.94	473.69	-	-
- Tata Capital Financial Services Limited	457.99	476.80	(38.38)	(38.05)
- Other Group Companies	24.22	-	-	-
Sitting fees				
- Mr. Pradeep Bhargava	7.20	6.70	-	-
- Ms. Rati Forbes	3.20	4.60	-	-
- Mr. Ramnath Mukhija	-	5.50	-	-
- Mr. Shrikant Sarpotdar	6.40	-	-	-
- Ms. Bhavna Bindra	4.40	-	-	-
Remuneration				
-'Mr. Jitendraa Dikkshit (from October 17, 2019) (Refer note d below)				
Short-term employee benefits	29.17	-	-	-
- Mr. Neeraj Shrivastava (From August 06, 2018) (Refer note d below)				
Short-term employee benefits	4.87	32.32	-	-
- Mr. Prashant Mahindrakar (Till August 05, 2018) (Refer note d below)				
Short-term employee benefits	-	19.73	-	-

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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

In addition to the above related party transactions Tata AutoComp Systems Limited (Holding Company) has provided a letter of comfort of INR 1,183.25 lakhs to State Bank of India , INR 1,025.84 lakhs to HDFC Bank Ltd and INR 4,500.00 lakhs to Tata Capital Financial services Limited. (as at March 31, 2019 INR 1710.25 lakhs to State Bank of India and INR 2400.00 lakhs to HDFC Bank Ltd.) 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)

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts		
Excise duty related matters	83.82	118.27
Labour matter (refer note below)	347.82	358.88
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.

(a) The Company had received a Show Cause cum Demand Notice for Bhosari and Chakan Plants of the Company from Directorate General of Central Excise Intelligence (DGCEI), Mumbai for alleged evasion of Central Excise duty and alleged contravention of Central Excise Rules during Financial Years from 2006 to 2011 for not charging for dies received from customer and undervaluation of inter unit clearances. The demand includes (a) demand of duty of INR 290 Lakhs (b) applicable interest thereon and (c) penalty. The duty amounting to INR 279 Lakhs was fully paid along with the interest and the balance has been provided for in the books. The Company has litigated for the penalty levied which has been disclosed as contingencies.

(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 2020. The Company would record any further effect on its financial statements, on receiving additional clarity on the subject.

Note 37 : Commitments

(a) Capital commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	81.90	85.58

(b) Operating lease

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately if they are different from those under Ind AS 116 and the impact of changes is disclosed below.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

A. Right of use assets

	Land and Building	Total
Balance as at April 01, 2019	289.14	289.14
Add: Reclassified from property, plant and equipment	139.42	139.42
Add: Initial direct cost	-	-
Less: Depreciation charged for the period	(103.29)	(103.29)
Balance as at March 31, 2020	**325.27**	**325.27**

B. Lease liabilities

	As at March 31, 2020
Current	101.99
Non Current	109.12
Total	**211.11**

C. Interest expenses on lease liabilities

	Year ended March 31, 2020
Interest on lease liabilities	**28.46**

D. Expenses on short term leases / low value assets

	Year ended March 31, 2020
Short term lease	**150.84**

E. Amounts recognised in the statement of cash flow

	Year ended March 31, 2020
Total cash outflow for leases	**114.48**

F. Maturity analysis – contractual undiscounted cash flows

	Year ended March 31, 2020
Less than one year	120.20
One to five years	115.21
More than five years	-
Total undiscounted lease liabilities at March 31, 2020	**235.41**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 38 : Movements in provisions

	Tax contingencies		Warranty	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Carrying amount at the beginning of the year	-	-	10.87	24.66
Provision made / (reversed) during the year	183.75	-	(2.22)	(11.68)
Amounts used during the year	-	-	-	(2.11)
Carrying amounts at the end of the year	**183.75**	**-**	**8.65**	**10.87**

Note 39 : Earnings per equity share

	Year ended March 31, 2020	Year ended March 31, 2019
Loss for the year as per Statement of Profit and Loss	(1,701.37)	(1,262.75)
Weighted average number of equity shares	15,864,397	15,864,397
(Loss) per share (Basic and Diluted)	(10.72)	(7.96)
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:

	Year ended March 31, 2020	Year ended March 31, 2019
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	47.80	128.21
- Interest on the principal amount due	1.23	1.32
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	201.33	243.64
- 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	5.54	7.21
The amount of interest accrued in terms of section 16 of the MSMED Act 2006 and remaining unpaid at the end of each year	6.77	8.53
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.	74.32	67.55

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

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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.

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.

	As at March 31, 2020	As at March 31, 2019
Unused tax losses for which no deferred tax asset has been recognized		
- Business losses	8,980.93	7,117.64
- Unabsorbed depreciation	6,077.59	6,963.73
Potential tax benefit	4,653.08	4,351.14

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	567.41
March 31,2029	2,746.47
Total	**8,980.93**

The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Act 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company to pay income taxes at reduced tax rates as per the provisions/conditions defined in the said section. The Company has evaluated and decided to continue under the existing tax regime.

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

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:

	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
(Gain) from change in financial assumptions	11.57	-	11.57
Experience losses	(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**

	Present value of obligation	Fair value of plan assets	Net amount
Opening defined benefit obligation as at April 1, 2019	649.25	(433.65)	215.60
Current service cost	48.21	-	48.21
Interest expense/(income)	43.86	(30.46)	13.41
Total amount recognized in profit or loss	**92.08**	**(30.46)**	**61.62**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense	-	3.22	3.22
Loss from change in financial assumptions	29.32	-	29.32
Experience (gains)	(6.30)	-	(6.30)
Total amount recognized in other comprehensive income	**23.03**	**3.22**	**26.25**
Employer contributions	-	(2.90)	(2.90)
Benefit payments	(45.27)	-	(45.27)
Closing defined benefit obligation as at March 31, 2020	**719.09**	**(463.79)**	**255.30**

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 43 : Employee benefits (continued)
The net liability disclosed above relates to funded plans are as follows:

	As at March 31, 2020	As at March 31, 2019
Present value of funded obligations	719.09	649.25
Fair value of plan assets	(463.79)	(433.64)
Non-current liability recognized in Balance Sheet	**255.30**	**215.61**

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, 2020	As at March 31, 2019
Discount rate	6.10%	7.00%
Salary escalation	8.00%	8.00%
Rate of return on plan assets	6.10%	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:

	Year ended March 31, 2020	Year ended March 31, 2019
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	(32.43)	(28.18)
(ii) 1% decrease in discount rate	35.58	30.84
(iii) 1% increase in rate of salary escalation	34.72	30.37
(iv) 1% decrease in rate of salary escalation	(32.28)	(28.27)

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, 2020	As at March 31, 2019
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, 2020 is considered to be the fair value.
Contribution expected to be paid to the plan during the next financial year INR 3.44 lakhs (March 31, 2019 INR 2.70 lakhs).

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 43 : Employee benefits (continued)

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

	As at March 31, 2020	As at March 31, 2019
Defined benefit obligation		
Less than a year	125.65	118.33
Between 1 - 2 years	119.07	112.64
Between 2 - 5 years	326.41	308.67
Over 5 years	439.42	425.81
Total	**1,010.55**	**965.45**

(B) Defined contribution plans

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

	As at March 31, 2020	As at March 31, 2019
Contribution to Employee's Superannuation Fund	22.18	29.83
Contribution to Provident Fund	169.54	144.55
Contribution to Labour Welfare Fund	0.47	0.59
Contribution to Employee's State Insurance Scheme	13.86	28.62

(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 to financial statement

(All figures in INR Lakhs, unless otherwise stated)

Note 44 : Assets pledged as security

	As at March 31, 2020	As at March 31, 2019
Current		
Financial assets		
First charge		
Trade receivables	3,167.48	6,470.06
Non-financial assets		
First charge		
Inventories	3,137.18	5,264.68
Total current assets pledged as security	**6,304.66**	**11,734.74**
Non-current		
Non-financial assets		
First charge		
Leasehold land	129.42	131.42
Building	1,283.53	1,148.15
Plant and machinery	5,678.98	7,064.72
Second charge		
Freehold land	23.55	23.55
Building	1,112.85	1,152.16
Total non-current assets pledged as security	**8,228.33**	**9,520.00**
Total assets pledged as security	**14,532.99**	**21,254.74**

Note 45 : Managerial remuneration

During the year, the managerial remuneration paid / approved by the Company to it's Chief Executive Officer is in excess of the limits laid down under Section 197 of the Companies Act, 2013 read with Schedule V by INR 1.67 Lakhs. The Company is in the process of obtaining approval from it's shareholders at the forthcoming Annual General Meeting for such excess remuneration paid.

Note 46 : Risk assessment by the Company of COVID-19 (Global Pandemic):

The World Health Organisation in February 2020 declared COVID 19 as a pandemic. The pandemic has been rapidly spreading throughout the world, including India. Governments around the world including India have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, the Company's manufacturing plants and offices also had to be closed down for a considerable period of time, including after the year end. As a result of the lockdown, the likely revenue for the quarter ended March 2020 has been impacted. Continued lockdowns are likely to impact the Company operationally including on supply chain matters. The Company is monitoring the situation closely taking into account directives from the Government. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdown in the preparation of the financial statements including but not limited to its assessment of liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets, intangible assets under development and the net realisable values of other assets. However, given the effect of these lockdowns on the overall economic activity in India and in particular on the automotive

Notes to financial statement

(All figures in INR Lakhs, unless otherwise stated)

industry, the impact assessment of COVID-19 on the above-mentioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial results.

Note 47 :

During the year 2019-20, the Company discovered that the advance received for sale of leasehold land and building amounting to INR 858.94 Lakhs in the previous year had been inadvertently classified as cash flows from operating activities instead of cash flows from investing activities in its Cash Flow Statement for the year ended 31 March 2019. This inadvertent classification has been restated in the comparative information in the Cash Flow Statement for the year ended 31 March 2020. The following table summarises the impact on the Cash Flow Statement.

	For the year ended 31 March 2019 (as previously reported) (In Lakhs)	**Adjustment** (In Lakhs)	**For the year ended 31 March 2019 (restated)** (In Lakhs)
Net cash used in operating activities	(1,287.44)	(858.94)	(2,146.38)
Net cash used in investing activities	(1,443.03)	858.94	(584.09)

Note 48 :

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

Abhishek
Partner
Membership No: 062343

Place: Pune
Date: 8 July 2020

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

Pradeep Bhargava
Chairman
DIN: 00525234

Deepak Rastogi
Director
DIN: 02317869

Yogesh Jaju
Chief Financial Officer

Jitendraa Dikkshit
Chief Executuve Officer

Ashutosh Kulkarni
Company Secretary

Place: Pune
Date: 8 July 2020