B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Titan Engineering & Automation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Titan Engineering & Automation Limited (the "Company") which comprise the balance sheet as at 31 March 2022, 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 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 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's and Board of Directors Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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 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 in preparation of financial statements 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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. The matters described in the Basis for Qualified Opinion paragraph in "Annexure B" with respect to adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Company, in our opinion, may have an adverse effect on the functioning of the Company.

f. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

g. With respect to the adequacy of the internal financial controls 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 39 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 39 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

e. The final dividend paid by the Company during the year, which was declared in the previous year, is in accordance with section 123 of the Act to the extent it appears to payment of dividend. The Company has not declared any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Vikash Gupta

Vikash Gupta

Partner

Membership No.: 064597

ICAI UDIN:22064597AMEHAK5327

Place: Bengaluru

Date: 04 July 2022

Annexure A to the Independent Auditor's Report on the Financial Statements of Titan Engineering & Automation Limited for the year ended 31 March 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all the property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(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 (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value (In lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Land-1 (Located at Muduganapalli)	670	Titan Company Limited	Promoter	From 24 March 2015 (Date of Incorporation)	Refer Note below
Buildings-2 (Located at Hosur and Muduganapalli)	6,685	Titan Company Limited	Promoter	From 24 March 2015 (Date of Incorporation)	Refer Note below

The title deed of land is in the name of Titan Company Limited under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court (s) of Madras vide order dated 13 February 2017.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

Annexure A to the Independent Auditor's Report on the Financial Statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments in companies, firms, limited liability partnership or any other parties. The Company has granted loans to employees during the year in respect of which the requisite information is as below. The Company has not provided any guarantee or security, granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans to employees as below:

Particulars	Guarantees (In lakhs)	Security (In lakhs)	Loans (In lakhs)	Advances in nature of loans (In lakhs)
Aggregate amount during the year				
Subsidiaries*	-	-	-	-
Joint ventures*	-	-	-	-
Associates*	-	-	-	-
Others	-	-	192	-
Balance outstanding as at balance sheet date				
Subsidiaries*	-	-	-	-
Joint ventures*	-	-	-	-
Associates*	-	-	-	-
Others	-	-	418	-

**As per the Companies Act, 2013*

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the Company. Further, the Company has not made any investments, provided any guarantees, securities and advances in the nature of loans during the year.

Annexure A to the Independent Auditor's Report on the Financial Statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of professional tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

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Annexure A to the Independent Auditor's Report on the Financial Statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except for one instance that has been reported during the current year. The Management based on its initial investigation has identified misappropriation by a then employee of its holding company aggregating to INR 145 lakhs pertaining to the financial year 2019-20. The Company has currently charged off this amount to the Statement of profit and loss under Miscellaneous expenses and is evaluating the next steps on this matter (refer note 38 to the financial statements).

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the year and shared with us while determining the nature, timing and extent of our audit procedures.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

Annexure A to the Independent Auditor's Report on the Financial Statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

(xiii) The Company is a wholly owned subsidiary of Titan Company Limited and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has five CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Annexure A to the Independent Auditor's Report on the Financial Statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Vikash Gupta
Partner
Membership No.: 064597
ICAI UDIN:22064597AMEHAK5327

Place: Bengaluru
Date: 04 July 2022

Annexure B to the Independent Auditor's Report on the financial statements of Titan Engineering & Automation Limited for the year ended 31 March 2022

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 Act

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31 March 2022:

1. The Company's internal financial controls over preparation and approval of Bank Reconciliations were not operating effectively which could potentially result in unreconciled differences or compensating differences between books and as per bank records. This could potentially result in material misstatement in the Company's bank balances.
2. The Company's internal financial controls over recording of manual payments were not operating effectively which could potentially result in misappropriation of Company's funds. Also refer note 38 to the financial statements wherein it is stated that the management has identified instances of misappropriation of funds during the financial year 2019-20 by a then employee of its holding company through manual bank payments.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31 March 2022.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2022 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

Management's and Board of Directors' Responsibilities 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 Act.

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Annexure B to the Independent Auditor's Report on the financial statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

Auditor's 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 if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 internal financial controls with reference to financial statements, 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.

Annexure B to the Independent Auditor's Report on the financial statements of Titan Engineering & Automation Limited for the year ended 31 March 2022 *(Continued)*

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's Registration No.:101248W/W-100022

Vikash Gupta

Vikash Gupta

Partner

Membership No.: 064597

ICAI UDIN:22064597AMEHAK5327

Place: Bengaluru

Date: 04 July 2022

Titan Engineering & Automation Limited
Balance sheet as at 31 March 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	17,171	16,624
Capital work-in-progress	3	810	240
Right-of-use assets	4	538	1,256
Intangible assets	5	129	135
Financial assets			
(i) Loans	6.1	220	256
(ii) Other financial assets	6.2	190	134
Income tax assets (net)	15	49	63
Other non-current assets	7	32	30
Total non-current assets		**19,139**	**18,738**
Current assets			
Inventories	8	16,192	11,535
Financial assets			
(i) Investments	9.1	-	3,994
(ii) Trade receivables	9.2	12,218	7,559
(iii) Cash and cash equivalents	9.3	1,201	2,251
(iv) Bank balances other than (iii) above	9.3	9	1,315
(v) Loans	9.4	199	175
(vi) Other financial assets	9.5	463	9
Other current assets	10	2,948	3,281
Total current assets		**33,230**	**30,119**
TOTAL ASSETS		**52,369**	**48,857**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	4,705	4,705
Other equity	12	29,770	30,488
Total equity		**34,475**	**35,193**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	13	353	677
Provisions	14	1,230	869
Deferred tax liabilities (net)	15	601	754
Total non-current liabilities		**2,184**	**2,300**
Current liabilities			
Financial liabilities			
(i) Borrowings	16.1	1,000	405
(ii) Lease liabilities	16.2	194	234
(iii) Trade payables	16.3		
- Total outstanding dues of micro and small enterprises		465	254
- Total outstanding dues of other than micro and small enterprises		3,297	1,827
(iv) Other financial liabilities	16.4	2,240	1,414
Other current liabilities	17	7,905	6,794
Provisions	18	433	436
Current tax liabilities (net)	15	176	-
Total current liabilities		**15,710**	**11,364**
TOTAL EQUITY AND LIABILITIES		**52,369**	**48,857**
Significant accounting policies	2		

See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Vikash Gupta
Partner

Membership No.: 064597

Place: Bengaluru
Date: 4 July 2022

for and on behalf of the Board of Directors of
Titan Engineering & Automation Limited
(CIN: U33111TZ2015PLC021232)

N P Sridhar
Whole-time Director & CEO
DIN: 03375241
Place: Bengaluru
Date: 4 July 2022

Ashok Sonthalia
Director
DIN: 03259683
Place: Bengaluru
Date: 4 July 2022

Suresh Rengarajan
Chief Financial Officer
Place: Bengaluru
Date: 4 July 2022

Sariga P Gokul
Company Secretary
Membership No.: A39637
Place: Bengaluru
Date: 4 July 2022

Titan Engineering & Automation Ltd.

Titan Engineering & Automation Limited
Statement of profit and loss for the year ended 31 March 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	19	37,840	35,357
Other income	20	1,057	542
Total income		**38,897**	**35,899**
Expenses:			
Cost of materials consumed		23,950	15,662
Change in inventories of finished goods, Stock-in-Trade and work-in-progress	21	(5,209)	2,083
Employee benefits expense	22	9,910	7,888
Finance costs	23	72	40
Depreciation and amortisation expense	24	2,206	2,048
Other expenses	25	5,578	4,220
Total expenses		**36,507**	**31,941**
Profit before exceptional items and tax		**2,390**	**3,958**
Exceptional items	26	316	-
Profit before tax		**2,074**	**3,958**
Tax expense:			
Current tax	15	676	816
Deferred tax		(153)	135
Total tax		**523**	**951**
Profit for the year		**1,551**	**3,007**
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
- Remeasurement of the employee defined benefit plans		112	302
- Income tax on above		(28)	(76)
Total other comprehensive income		**84**	**226**
Total comprehensive income for the year		**1,635**	**3,233**
Earnings per equity share of INR 10:			
Basic and diluted (Rs.)	28	3.30	6.39
Significant accounting policies	2		

See accompanying notes to the financial statements

As per our report of even date attached

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Date: 4 July 2022

Titan Engineering & Automation Ltd.

Titan Engineering & Automation Limited
Statement of changes in equity for the year ended 31 March 2022
(All amounts in INR lakhs, unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
(a) Equity share capital		
Opening balance	4,705	4,705
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	4,705	4,705
Changes in equity share capital during the year	-	-
Closing balance	**4,705**	**4,705**

(b) Other equity

Particulars		**Reserves and surplus**		**Total other equity**
	Securities premium	**Retained earnings**	**Items of other comprehensive income (refer note 12)**	
Balance as at 1 April 2020	**18,754**	**11,295**	**(441)**	**29,608**
Profit for the year (net of taxes)	-	3,007	-	3,007
Dividend Paid	-	(2,353)	-	(2,353)
Other comprehensive income for the year (net of taxes)	-	-	226	226
Balance as at 31 March 2021	**18,754**	**11,949**	**(215)**	**30,488**
Balance as at 1 April 2021	**18,754**	**11,949**	**(215)**	**30,488**
Profit for the year (net of taxes)	-	1,551	-	1,551
Dividend Paid	-	(2,353)	-	(2,353)
Other comprehensive income for the year (net of taxes)	-	-	84	84
Balance as at 31 March 2022	**18,754**	**11,147**	**(131)**	**29,770**

Significant accounting policies 2

See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Co. LLP**
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Firm Registration No.: 101248W/W-100022

Vikash Gupta
Partner

Membership No.: 064597

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Company Secretary

Membership No.: A39637

Place: Bengaluru
Date: 4 July 2022

Titan Engineering & Automation Ltd.

Titan Engineering & Automation Limited
Statement of cash flows for the year ended 31 March 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from operating activities			
Profit before tax		2,074	3,958
Adjustments for:			
Depreciation and amortisation		2,206	2,048
Loss on sale/ disposal/ scrapping of property, plant and equipment (net)		8	25
Finance costs		72	40
Allowance for doubtful trade receivables		219	73
Income from trade investments		(76)	(152)
Interest income on demand deposits		(35)	(50)
Net exchange differences (unrealised)		(674)	(305)
(gain)/loss arising on fair valuation of employee loans, leases and investments		(7)	3
		3,787	5,640
Change in operating assets and liabilities			
(Increase)/Decrease in trade receivables		(4,804)	1,945
(Increase)/Decrease in inventories		(4,657)	791
(Increase)/Decrease in other financial assets and loans		(490)	(21)
(Increase)/Decrease in other assets		335	(1,046)
Increase /(Decrease) in trade payables		1,843	(467)
Increase /(Decrease) in provisions		446	(213)
Increase /(Decrease) in other financial liabilities		1,077	(163)
Increase/(decrease) in other current liabilities		1,111	464
Cash generated from/ (used in) operations		(5,139)	1,290
Income taxes paid, net		(514)	(879)
Net cash (used in)/generated from operating activities	**A**	**(1,866)**	**6,051**
Cash flows from investing activities			
Purchase of property, plant and equipment including intangibles and capital work in progress		(2,135)	(1,560)
Interest received		35	50
Proceeds from sale of property, plant and equipment		73	9
Bank deposits matured/(placed)		1,306	(1,309)
Sales of investments, net		4,070	107
Net cash from/(used in) investing activities	**B**	**3,349**	**(2,703)**
Cash flows from financing activities			
Proceeds /(repayment) from short-term borrowings, net		595	405
Payment of lease liabilities		(812)	(233)
Finance cost		(72)	(40)
Dividends paid		(2,353)	(2,353)
Net cash (used in) financing activities	**C**	**(2,642)**	**(2,221)**
Net increase/ (decrease) in cash and cash equivalents	**(A+B+C)**	**(1,159)**	**1,127**
Cash and cash equivalents at the beginning of the year (refer note 9.3)		2,251	998
Add/ (Less): Unrealised exchange (gain)/ loss		109	126
Cash and cash equivalents at the end of the year (refer note 9.3)		**1,201**	**2,251**
Significant accounting policies	2		

See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Vikash Gupta
Partner

Membership No.: 064597

Place: Bengaluru
Date: 4 July 2022

for and on behalf of the Board of Directors of
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Company Secretary

Membership No.: A39637

Place: Bengaluru
Date: 4 July 2022

Titan Engineering & Automation Ltd.

Titan Engineering & Automation Limited

Significant accounting policies and notes to the financial statements for the year ended 31 March 2022

1. Background

Titan Engineering & Automation Limited ('the Company') was incorporated on 24 March 2015 under the Companies Act, 2013 ("the Act") as a 100% subsidiary of Titan Company Limited to carry on the business of precision engineering and automation including acquiring and taking over the whole or part of businesses which the Company is authorized to carry on.

2. Significant Accounting Policies

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

Basis of preparation

i. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

ii. Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

a) Certain financial assets and liabilities.
b) The defined benefit asset/ (liability) is recognized as the present value of defined benefit obligation less fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

iii. Use of estimates and judgement

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and judgement that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates, assumptions and judgement are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual result may differ from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation
Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2022 is included in the following notes:
Note 3 – Useful life of the Property, Plant and equipment;
Note 5 – Useful life of the Intangible assets;
Note 15 – Valuation of deferred tax liabilities;
Note 31 – Provisions and contingent liabilities;
Note 32 – Measurement of defined benefit obligations: key actuarial assumptions;
Notes 34 – Fair value measurement of financial instruments.

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Titan Engineering & Automation Ltd.

Notes to financial statements (continued)

iv. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional and presentation currency of the Company and is rounded off to the nearest lakh except when otherwise indicated.

v. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the Note 34 – financial instruments.

vi. Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

a) Sale of goods: Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities

b) Service income: Service income is recognised on rendering of services.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple goods to a customer. The Company assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

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Titan Engineering & Automation Ltd.

Notes to financial statements (continued)

vi. Revenue recognition (continued)

- Judgement is also required to determine the transaction price for the contract. The transaction price is a fixed amount of customer consideration. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Interest income is recognized as it accrues in the statement of profit and loss using effective interest rate method.

The Company has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

vii. Leases

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

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The nature of expenses related to those leases has changed from lease rent in previous periods to (i) amortization for the right-to-use asset, and (ii) interest accrued on lease liability.

Right-of-use assets are measured at cost comprising the following:
i) the amount of the initial measurement of lease liability
ii) any initial direct costs
iii) restoration costs

Right-of-use assets are depreciated over the lease term on a straight-line basis.

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Titan Engineering & Automation Ltd.

Notes to financial statements (continued)

vii. Leases (continued)

b) Lease Liabilities:
Lease liabilities are measured at present value of following components:
i) fixed payments less any lease incentives receivable
ii) amounts expected to be payable by the Company under residual value guarantee

Incremental borrowing rate used for discounting has been determined by taking the interest rates obtained from financial institutions for borrowing the similar value of right of use assets for similar tenure for Titan Company Limited plus 15 basis points considering the nature and associated risk of the business. The rates will be reassessed on a yearly basis at the beginning of each accounting period to reflect changes in financial conditions. In case of finance leases, lease liability is measured using implicit rate.

c) Short-term leases:
The Company applies the short-term lease recognition exemption to its short-term lease contracts (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments for a short-term lease are recognised as expense on a straight-line basis over the lease term.

viii. Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise.

ix. Employee benefits

Short Term Employee Benefits
All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

Defined contribution plan
Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner and Company's contribution to National Pension Scheme are charged as an expense based on the amount of contribution required to be made as when services are rendered by the employees.

Defined benefit Plan
The contribution to the Company's Gratuity Trust are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

B S R & Co. LLP Bangalore-560 071

Titan Engineering & Automation Ltd.

Notes to financial statements (continued)

ix. Employee benefits (continued)

The contribution to the Titan's Provident Fund Trust is made at predetermined rates and is charged as an expense based on the amount of contribution required to be made as when services are rendered by the employees. The Company in the process of transferring the funds pertaining to the Company from provident fund trust of Titan Company Limited.

Compensated absences
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

x. Taxation

Income tax comprises of Current tax and deferred tax. It is recognized in the statement of profit and loss except to the extent that it relates to an item recognized directly in the other comprehensive income.

a) Current tax: The Current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax: Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are not recognized, when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

B S R & Co. LLP
Bangalore-560 071

Titan Engineering & Automation Ltd.

Notes to financial statements (continued)

x. Taxation (continued)

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

xi. Property, Plant and Equipment

a) Recognition and measurement:
Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machine spare parts are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

b) Depreciation
Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value. Depreciation is calculated on the basis of the estimated useful lives using the straight line method and is generally recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the year is proportionately charged from/upto the date of disposal. Free hold is not depreciated.

The estimated useful lives of items of Property, plant and equipment for the current and comparative periods are as follows:

Asset category	**Management estimate of useful life**	**Useful life as per Schedule II**
Building	30 to 60 years	30 to 60 years
Plant, machinery and equipment	10 to 15 years	10 to 15 years
Computers and servers	3 to 6 years	3 to 6 years
Furniture and Fixtures	5 years	10 years
Office equipment	5 years	5 years
Vehicles	4 years	8 years

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represents the period over which the management expects to use these assets.

VG

B S R & Co. LLP * Bangalore-560 071 *

Titan Engineering & Automation Ltd. *

Notes to financial statements (continued)

xi. Property, Plant and Equipment (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of profit and loss.
Advance paid towards acquisition of fixed assets outstanding at each balance sheet date is disclosed as capital advances under non-current assets.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

xii. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful life's on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets are as follows:
Software - License period or 5 years, whichever is lower.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

xiii. Impairment

Impairment of financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in the statement of profit and loss.

Impairment of non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

B S R & Co. LLP
Bangalore-560 071

Titan Engineering & Automation Ltd.

Notes to financial statements (continued)

xiii. Impairment (continued)

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

xiv. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined as follows:

a) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

b) Work-in-progress and finished goods are valued on full absorption cost method based on the average cost of production.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

xv. Provisions and contingencies

Provisions: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount in the present value of those cash flows (when the effect of time value of money is material).

Product warranty expenses: Product warranty costs are determined based on past experience and provided for in the year of sale.

Contingent liabilities: A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statements.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

xvi. Financial instruments

Recognition of financial assets and financial liabilities:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

A) Financial Assets
Classification of financial assets:

On initial recognition, a financial asset is classified at
(i) Amortised cost
(ii) Fair value through other comprehensive income (FVOCI)
(iii) Fair value through profit and loss (FVTPL)

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Notes to financial statements (continued)

xvi. Financial instruments (continued)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(i) Financial assets carried at amortized cost

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

(ii)Financial assets at fair value through comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii)Financial assets at fair value through profit and loss

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of the cost of the investment and the amount of dividend can be measured reliably.

B) Financial liabilities: classification and subsequent measurement:

Financial liabilities carried at amortized cost
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial liabilities at fair value through profit and loss
A financial liability which is not classified in any of the above categories are subsequently carried at fair value through profit or loss.

Derecognition

Financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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Notes to financial statements (continued)

xvi. Financial instruments (continued)

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terns is recognized in the statement of profit and loss.

xvii. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

xviii. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

xix. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

xx. Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM).

The Company's primary segment consists of Automation Solutions (previously called 'MBA') and Aerospace and Defence (previously called 'PECSA'). Secondary information is reported geographically.

Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Unallocated represents other income and expenses which relate to the Company as a whole and are not allocated to segments.

xxi. Consolidation

The Company is a wholly owned subsidiary of Titan Company Limited. It is included in the consolidated financial statements of Titan Company Limited which are publicly available. Therefore, the Company is exempt by virtue of Section 129 of the Companies Act 2013 read with Rule 6 of companies Rules, 2014 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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Notes to financial statements (continued)

xxii. Recent pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chȃrtered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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Notes to the financial statements for the year ended 31 March 2022
(All amounts in INR lakhs, unless otherwise stated)

3 Property, plant and equipment

Particulars	Land	Buildings	Plant, machinery and equipment	Computer and Servers	Furniture and fixtures	Office equipment	Vehicles	Total
Owned assets	Gross carrying value							
As at 1 April 2020	670	6,247	12,994	859	943	294	231	22,238
Additions	-	39	758	295	223	29	14	1,358
Disposals	-	-	79	221	20	6	-	326
As at 31 March 2021	670	6,286	13,673	933	1,146	317	245	23,270
As at 1 April 2021	670	6,286	13,673	933	1,146	317	245	23,270
Additions	-	399	1,501	157	295	71	143	2,566
Disposals	-	-	286	46	87	11	101	531
As at 31 March 2022	670	6,685	14,888	1,044	1,354	377	287	25,305
	Accumulated depreciation							
As at 1 April 2020	-	761	3,348	402	337	182	98	5,128
Depreciation expense	-	218	1,076	218	188	52	57	1,809
Disposals	-	-	65	210	11	5	-	291
As at 31 March 2021	-	979	4,359	410	514	229	155	6,646
As at 1 April 2021	-	979	4,359	410	514	229	155	6,646
Depreciation expense	-	233	1,148	258	190	43	67	1,939
Disposals	-	9	224	44	73	10	90	450
As at 31 March 2022	-	1,203	5,283	624	631	262	132	8,135
	Net carrying value							
As at 31 March 2021	670	5,307	9,314	523	632	88	90	16,624
As at 31 March 2022	670	5,482	9,606	420	723	115	155	17,171

Assets for which title deeds not held in the name of the Company

Financial caption	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Land	670	Titan Company Limited	Promoter	01-Apr-16	Refer note below
Property, plant and equipment	Buildings	6685	Titan Company Limited	Promoter	01-Apr-16	Refer note below

Note:
The title deeds of land and building constructed on the land is in the name of Titan Company Limited. The Company had demerged from Titan Company Limited under section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of Madras vide order dated 13 February 2017.

Capital work-in-progress

Particulars	Capital work-in-progress
As at 1 April 2020	80
Additions	1,518
Capitalisations	1,358
As at 31 March 2021	240
As at 1 April 2021	240
Additions	3,136
Capitalisations	2,566
As at 31 March 2022	810

Capital work-in-progress	As at 31 March 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	803	7	-	-	810
Projects temporarily suspended	-	-	-	-	-

Capital work-in-progress	As at 31 March 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	240	-	-	-	240
Projects temporarily suspended	-	-	-	-	-

Note: Company does not have any projects that are delayed or where its cost has exceeded its original budget value.

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(All amounts in INR lakhs, unless otherwise stated)

4 Right-of-use assets*

Particulars	Buildings	Land	Plant, machinery and equipment	Total
As at 1 April 2020	44	252	1,170	1,466
Additions	47	-	-	47
Disposals	-	-	-	-
As at 31 March 2021	**91**	**252**	**1,170**	**1,513**
As at 1 April 2021	91	252	1,170	1,513
Additions	442	-	-	442
Modifications / terminations	-	-	(1,170)	(1,170)
As at 31 March 2022	**533**	**252**	**-**	**785**
Accumulated amortisation				
As at 1 April 2020	20	36	54	110
Amortisation expense	20	54	73	147
Disposals	-	-	-	-
As at 31 March 2021	**40**	**90**	**127**	**257**
As at 1 April 2021	40	90	127	257
Amortisation expense	64	53	46	163
Modifications / terminations	-	-	(173)	(173)
As at 31 March 2022	**104**	**143**	**-**	**247**
Net carrying value				
As at 31 March 2021	**51**	**162**	**1,043**	**1,256**
As at 31 March 2022	**429**	**109**	**-**	**538**

*Also, refer note 30.

5 Intangible assets

Particulars	Computer softwares	Total
Owned assets	**Gross carrying value**	
As at 1 April 2020	**252**	**252**
Additions	103	103
Disposals	-	-
As at 31 March 2021	**355**	**355**
As at 1 April 2021	**355**	**355**
Additions	98	98
Disposals		-
As at 31 March 2022	**453**	**453**
	Accumulated amortisation	
As at 1 April 2020	**129**	**129**
Amortisation expense	91	91
Disposals	-	-
As at 31 March 2021	**220**	**220**
As at 1 April 2021	**220**	**220**
Amortisation expense	104	104
Disposals		-
As at 31 March 2022	**324**	**324**
	Net carrying value	
As at 31 March 2021	**135**	**135**
As at 31 March 2022	**129**	**129**

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6 Financial assets

6.1 Loans

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Employee loans	220	256
	220	256

6.2 Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Security deposits	129	51
Other assets (includes electricity, telephone deposits)	61	83
	190	134

7 Other non-current assets

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Capital advances	6	2
Deferred employee cost	26	28
	32	30

8 Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials [refer (a) below]	4,911	5,593
Work-in-progress	8,860	2,850
Finished goods	1,531	2,332
Stores and spares	890	760
	16,192	11,535
a) Included above, goods in transit		
Raw materials	99	100

(i) The cost of inventories recognised as an expense during the period is INR 18,741 lakhs (Previous year : INR 17,745 lakhs).
(ii) The cost of inventories recognised as an expense includes INR 95 lakhs (Previous year: INR 71 lakhs) in respect of write down of inventory to net-realisable value.
(iii) Refer point (xiv) under significant accounting policies for mode of valuation

9 Financial assets

9.1 Investments

Particulars	As at 31 March 2022		As at 31 March 2021	
Investments in mutual funds (Unquoted)- {at fair value through profit or loss}				
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	-	1,64,598	499
Aditya Birla Sun Life Liquid Fund - Growth	-	-	1,51,863	500
Aditya Birla Sun Life Money Manager Fund - Growth	-	-	1,22,567	349
HDFC Liquid Fund - Growth Plan	-	-	498	20
HDFC Money Market Fund - Growth Option	-	-	11,204	495
ICICI Prudential Money Market Fund Option - Growth	-	-	1,71,009	501
Nippon India Liquid Fund -Growth Plan	-	-	10,012	500
Nippon India Money Market Fund-Growth Plan-Growth Option	-	-	15,764	505
SBI Savings Fund - Regular Plan - Growth	-	-	8,59,802	280
SBI Magnum Ultra Short Duration Fund - Growth	-	-	7,375	345
		-		3,994
Aggregate value of unquoted investments		-		3,994

Note:
During the current year, the Company has incorporated TEAL USA Inc. on 15 April 2021 as a wholly owned subsidiary. The Company has not invested any amount in the subsidiary as at the Balance sheet date. Post investment in the subsidiary, the amount invested will be presented under "Non-Current Investment" in the Balance sheet.

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Notes to the financial statements for the year ended 31 March 2022
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9.2 Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Considered good - unsecured*	12,434	7,715
Less: Allowance for doubtful trade receivables	(216)	(156)
	12,218	7,559
Credit impaired	93	55
Less: Allowance for doubtful trade receivables	(93)	(55)
	-	-
	12,218	7,559

*Includes dues from related parties - refer note 33

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Provision matrix at the end of reporting period is as follows:

Ageing	Expected credit loss (%)	
	Autimates Solution	Aerospace & Defence
Within credit period	1%	1%
Less than 1 year	0%	1%
1 to 2 years	4%	20%
2 to 3 years	13%	37%
Over 3 years	100%	94%

a) Trade Recievables Ageing Schedule

Particulars	As at 31 March 2022						
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered Good	8,449	1,827	303	1,781	38	36	12,434
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	93	-	-	-	93
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	8,449	1,827	396	1,781	38	36	12,527
Less: Allowance for doubtful trade receivables							(309)
Trade Receivables - Net							12,218

b) Trade Recievables Ageing Schedule

Particulars	As at 31 March 2021						
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered Good	3,257	2,740	1,466	180	58	14	7,715
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	55	-	-	55
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	3,257	2,740	1,466	235	58	14	7,770
Less: Allowance for doubtful trade receivables							(211)
Trade Receivables - Net							7,559

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Titan Engineering & Automation Ltd.

9.2 Trade receivables (continued)

Movement in the expected credit loss allowance

	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	156	158
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	60	(2)
Balance at the end of the year	**216**	**156**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

9.3 Cash and bank balances

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Cash and cash equivalents		
Balances with banks		
- current accounts	1,201	420
- demand deposits	-	1,831
Total cash and cash equivalents	**1,201**	**2,251**
Other bank balances		
- demand deposits	4	1,309
- Fixed deposits held as margin money against bank guarantee	5	6
Total other bank balances	**9**	**1,315**
	1,210	**3,566**

9.4 Loans

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Unsecured, considered good		
Employee loans	199	175
	199	**175**

9.5 Other financial assets

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Unsecured, considered good		
Derivative instruments other than in designated hedge accounting relationships	282	-
Security deposits	3	5
Other Receivables {refer note 33}	176	-
Other financial assets	2	4
	463	**9**

*There were no loans and advances given to Promoter, Directors, Key Managerial Persons or other Related Parties during the year ended 31 March 2022 and 31 March 2021.

10 Other current assets

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Unsecured, considered good		
Advances to suppliers	449	439
Prepaid expenses	197	79
Balance with government authorities*	2,146	2,521
Gratuity {refer note 32}	41	103
Others assets (includes travel advances, employee dues)	115	139
	2,948	**3,281**

* Balance with revenue authorities includes GST credits of INR 410 lakhs (Previous year: INR 1,273 lakhs) in respect to GST input credit, transitional credit and deemed credit.

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11 Share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
60,000,000 (Previous year : 60,000,000) equity shares of par value of INR 10 each	6,000	6,000
Issued, subscribed and fully paid-up shares		
47,050,000 (Previous year : 47,050,000) equity shares of par value of INR 10 each	4,705	4,705
	4,705	**4,705**

a) Rights, preferences and restrictions attached to shares

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

In the event of liquidation, the holders of equity shares will be entitled to receive the 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 shareholder.

b) Reconciliation of shares outstanding at the beginning and at the end of the reporting year:

	31 March 2022		31 March 2021	
	Number	Amount	Number	Amount
Equity shares with voting rights				
At the beginning of the year	4,70,50,000	4,705	4,70,50,000	4,705
At the end of the year	4,70,50,000	**4,705**	**4,70,50,000**	**4,705**

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

Name of shareholder	31 March 2022 Number	%	31 March 2021 Number	%
Titan Company Limited - The holding company	**4,70,50,000**	100	**4,70,50,000**	100

d) Buy back of shares and shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

There has been no buy back of shares and no shares have been allotted as fully paid pursuant to any contract without payment being received in cash from the date of incorporation till 31 March 2022.

f) Shares held by promoters

Promoter	As at 31 March 2022 No. of shares held	% of total Shares	As at 31 March 2021 No. of shares held	% of total Shares	% of change
Titan Company Limited	4,70,50,000	100	4,70,50,000	100	-
	4,70,50,000	**100**	**4,70,50,000**	**100**	-

Promoter	As at 31 March 2021 No. of shares held	% of total Shares	As at 31 March 2020 No. of shares held	% of total Shares	% of change
Titan Company Limited	4,70,50,000	100	4,70,50,000	100	-
	4,70,50,000	**100**	**4,70,50,000**	**100**	-

12 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Retained earnings (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	11,147	11,949
Securities premium (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	18,754	18,754
Other comprehensive income (Represents actuarial gain or loss on remeasurement of defined benefit obligation)	(131)	(215)
	29,770	**30,488**

12.1 Distributions made and proposed

The Board of Directors, in its meeting on 26 April 2021, had proposed a final dividend of ₹ 4 per equity share for the financial year ended 31 March 2021. The proposal was approved by the shareholders at the Annual General Meeting and has resulted in cash outflow of ₹ 2,353 lakhs.

No dividend is proposed for the year ended 31 March 2022.

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Titan Engineering & Automation Ltd. *

(All amounts in INR lakhs, unless otherwise stated)

13 Financial liabilities

Lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liabilities {refer note 30}	353	677
	353	**677**

14 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for compensated absences	1,021	869
Provision for pension	33	-
Provision for other employee benefits	176	-
	1,230	**869**

15 Income taxes

15.1 The following is the analysis of deferred tax assets/(liabilities):

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	528	314
Deferred tax liabilities	(1,129)	(1,069)
	(601)	**(754)**

Particulars	As at 1 April 2021	Recognised in the statement of profit and loss	Recognised in OCI	As at 31 March 2022
Deferred tax liabilities				
Property, plant and equipment	(1,067)	9	-	(1,058)
Derivative instruments in hedge relationship	-	(71)	-	(71)
	(1,067)	(62)	-	(1,129)
Deferred tax assets				
Intangible asset	(1)	3	-	2
Provisions for compensated absences and doubtful debts	309	129	-	438
Compensation towards voluntary retirement	-	80	-	80
Lease liabilities (net of Right-of-use assets)	5	3	-	8
	313	215	-	528
Net deferred tax asset /(liability)	**(754)**	**153**	**-**	**(601)**

Particulars	As at 1 April 2020	Recognised in the statement of profit and loss	Recognised in OCI	As at 31 March 2021
Deferred tax liabilities				
Property, plant and equipment	(1,036)	(31)	-	(1,067)
Intangible asset	(6)	5	-	(1)
	(1,042)	(27)	-	(1,069)
Deferred tax assets				
Provisions for compensated absences and doubtful debts	378	(69)	-	309
Compensation towards voluntary retirement	32	(32)	-	-
Lease liabilities (net of Right-of-use assets)	13	(8)	-	5
	423	(109)	-	314
Net deferred tax asset /(liability)	**(619)**	**(135)**	**-**	**(754)**

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(All amounts in INR lakhs, unless otherwise stated)

15 Income taxes (continued)

15.2 Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	676	816
Deferred tax	(153)	135
Income tax included in other comprehensive income on:		
- Remeasurement of employee defined benefit plans	28	76
Tax expense for the year	**551**	**1,027**

15.3 The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	2,074	3,958
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	**522**	**996**
Effect of:		
Expenses that are not deductible in determining taxable profit	37	29
Others	(36)	(76)
Income tax expense recognised in the statement of profit and loss	**523**	**951**

15.4 The following table provides the details of income tax assets and income tax liabilities as of 31 March 2022 and 31 March 2021:

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax assets (net)	49	63
Current tax liabilities (net)	(176)	-
Net current income tax asset/ (liability) at the end of the year	**(127)**	**63**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net current income tax asset/ (liability) at the beginning of the year	63	76
Income tax paid (net)	514	879
Current income tax expense	(676)	(816)
Income tax on other comprehensive income and others	(28)	(76)
Net current income tax asset/ (liability) at the end of the year	**(127)**	**63**

16 Financial liabilities
16.1 Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured		
Short term loans from bank*	1,000	-
Cash credit from bank	-	405
	1,000	**405**

*The interest rate on the short term loan is 4.1% p.a. The interest is payable at monthly intervals
During the year the Company does not have any sanctioned borrowing limits that are required to be secured by current assets.

16.2 Lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liabilities {refer note 30}	194	234
	194	234

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16.3 Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Total outstanding dues of micro and small enterprises {Refer note (b) below}	465	254
Total outstanding dues of other than micro and small enterprises *	3,297	1,827
	3,762	2,081

* Includes payable to related party amounting to INR 73 lakhs (Previous year: INR 28 lakhs), refer note 33

(a) Trade Payables Ageing Schedule

Particulars	As at 31 March 2022				Total
	Less than 1 year*	1-2 years	2-3 years	More than 3 years	
MEME	465	-	-	-	465
Others	3,063	197	9	28	3,297
Disputed dues – MSME	-	-	-	-	-
Disputed dues – Others	-	-	-	-	-
Total	**3,528**	**197**	**9**	**28**	**3,762**

Particulars	As at 31 March 2021				Total
	Less than 1 year*	1-2 years	2-3 years	More than 3 years	
MEME	254	-	-	-	254
Others	1,780	19	3	25	1,827
Disputed dues – MSME	-	-	-	-	-
Disputed dues – Others	-	-	-	-	-
Total	**2,034**	**19**	**3**	**25**	**2,081**

* Include not due trade payales

(b) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at 31 March 2022	As at 31 March 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:	-	-
- Principal	465	254
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Amount of payment made to the supplier beyond the appointed day during the year*	164	55
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 MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purposes of disallowance of a deductible expenditure under Section 23 of MSMED Act, 2006.	-	-

* The payment was made beyond appointed day due to delay in receipt of invoices. Accordingly, management believes that no interest is payable on the same.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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(All amounts in INR lakhs, unless otherwise stated)

16.4 Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Payables on purchase of property, plant and equipment	146	39
Derivative instruments other than in designated hedge accounting relationships	-	52
Other financial liabilities		
- Employee related	1,819	1,087
- Others (includes liability towards shortfall in PF trust, retentions, LIC and salary deductions payable)	275	236
	2,240	1,414

17 Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Advance from customers	7,733	6,669
Statutory dues (TDS, PF etc.)	172	125
	7,905	6,794

18 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for compensated absences	169	132
Provision for other employee benefits	45	-
Provision for warranty {refer note (a) below}	219	304
	433	436

Note (a) Provision for warranty

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	304	280
Provisions made during the year	-	184
Utilisations/ reversed during the year	(85)	(160)
Balance at the end of the year	219	304

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(All amounts in INR lakhs, unless otherwise stated)

19 Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		
Automation solutions	23,178	22,998
Aerospace and Defence	12,227	9,206
Total - Sale of products (a)	**35,405**	**32,204**
Income from services provided (b)	**2,037**	**3,021**
Other operating revenues		
Other receipts (Duty Drawback benefits)	228	-
- Sale of scrap	170	132
Total - Other operating revenue (c)	**398**	**132**
Revenue from operations (a+b+c)	**37,840**	**35,357**

a) As per the requirement of Ind AS 115, the Company disaggregates revenue based on line of business (as given in note 27).
b) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Contracted price	37,840	35,357
Reductions towards variable consideration components	-	-
Revenue recognised	**37,840**	**35,357**

20 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from employee loans	28	27
Income from trade investments	76	152
Exchange gain	807	295
Liabilities no longer required witten back	78	-
Miscellaneous income {refer note (a) below}	68	68
	1,057	**542**

a) Miscellaneous income includeds interest on fixed deposits and intererst on income tax refund

21 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Closing stock		
Finished goods	1,531	2,332
Work-in progress	8,860	2,850
	10,391	**5,182**
Opening stock		
Finished goods	2,332	3,055
Work-in progress	2,850	4,210
	5,182	**7,265**
(Increase) / decrease in inventory	**(5,209)**	**2,083**

22 Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	8,427	6,744
Company's contribution to provident and other funds		
- Gratuity {refer note 32(c)}	150	199
- provident and other funds {refer note 32(a and b)}	369	328
Staff Welfare expenses	965	617
	9,910	**7,888**

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Notes to the financial statements for the year ended 31 March 2022
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23 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on borrowings*	31	2
Interest on lease liability	41	38
	72	40

*The interest rate on the short term loan is 4.1% p.a. The interest is payable at monthly intervals

24 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (refer note 3)	1,939	1,810
Amortisation of intangible assets (refer note 4 & 5)	267	238
	2,206	2,048

25 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Agency labour	406	324
Power and fuel	537	406
Repairs and maintenance		
- Buildings	73	68
- Plant and machinery	296	231
Legal and Professional charges {refer note (a) below}	1,247	933
Advertising and sales promotion	2	3
Selling and distribution expenses	421	477
Insurance	89	79
Rent {refer note 30}	2	5
Rates and taxes	122	185
Travel and conveyance	439	318
Bad debts written off	121	75
Less: Provision released	(121)	(75)
	-	-
Provision for doubtful debts, net	219	73
Loss on sale / disposal / scrapping of property, plant and equipment (net)	8	25
Expenditure on corporate social responsibility {refer note (B) below}	124	109
Miscellaneous expenses	1,577	972
Commission to non-whole-time Directors	16	12
	5,578	4,220

(a) Auditors Remunerration

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
For Statutory Accounts	19	19
For services inclusing tax audit and out of pocket expenses	6	6
	25	25

(b) Corporate Social Responsibility:

(i) Gross amount required to be spent towards corporate social responsibility by the Company during the year: INR 124 lakhs (Previous year: INR 109 lakhs).

(ii) Amount spent during the year on:

	For the year ended 31 March 2022	For the year ended 31 March 2021
1. Amount required to be spent by the company during the year	124	109
2. Amount of expenditure incurred on:		
- Construction/acquisition of any asset	-	-
- On purposes other than above	124	109
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for short fall	NA	NA
6. Nature of CSR Activities	Health, Education, Skill development, Disaster relief, Wellness and Water, Sanitation and Hygiene, Entrepreneurship.	

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(b) Corporate Social Responsibility (Continued)

(iii) CSR Contribution to Related parties :

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Related Parties	-	-
Unrelated parties	124	109
	124	**109**

26 Exceptional Items

The Company has announced Voluntary Retirement Scheme (VRS) to its employees during the year. The scheme includes future deferred payouts to its employees. The present value of scheme expenses amounting to INR 316 lakhs is disclosed as exceptional item during the year.

27 Segment information

a) Description of segments

The Chief Operating Decision Maker (CODM) of the Company examines the performance both from a product perspective and geography perspective and has identified 2 reportable segments Automation Solutions and Aerospace and defence. The Company's Whole-time Director and Chief Executive Officer (CEO) is the CODM.

Corporate (unallocated) represents assets and liabilities which relate to the company as a whole and are not allocated to segments.

b) Segment revenues and profit and loss

Particulars	**Revenue**		**Profit / (loss)**	
	For the year ended 31 March 2022	**For the year ended 31 March 2021**	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Automation solutions	23,216	23,032	2,328	3,771
Aerospace and defence	14,624	12,325	(182)	226
	37,840	35,357	2,146	3,998
Finance costs			72	40
Profit before taxes			**2,074**	**3,958**

c) Segment assets and liabilities

	For the year ended 31 March 2022	**For the year ended 31 March 2021**
Segment assets		
Automation solutions	28,306	20,797
Aerospace and defence	24,014	27,997
Corporate (unallocated)	49	63
	52,369	**48,857**

	For the year ended 31 March 2022	**For the year ended 31 March 2021**
Segment liabilities		
Automation solutions	12,732	8,865
Aerospace and defence	4,385	4,045
Corporate (unallocated)	777	754
	17,894	**13,664**

Geographical Segments:

Segment revenue from external customers, based on geographical location of customer:

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Revenue		
India	19,959	17,846
Outside India	17,881	17,511

The operating facilities of the company are commonly employed for both the domestic and export business, hence it is not possible to report segment assets and capital expenditure by geographical segment.

27.1 Information about major customers

Included in revenues arising from direct sales of INR 37,520 lakhs (Previous year: INR 35,357 lakhs) are revenues of approximately INR 3,763 lakhs (Previous year: INR 6,264 lakhs) which arose from sales to the Company's largest customer. No other single customer contributed 10% or more to the Company's revenue for the reported years.

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28 Earnings per share

The following table sets forth the computation of basic and diluted earnings per share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year (INR in lakhs)	1,551	3,007
Weighted average number of equity shares	4,70,50,000	4,70,50,000
Nominal value of shares (INR)	10	10
Earnings per share - Basic and diluted (INR)	3.30	6.39

29 Estimated amount of contracts remaining to be executed on capital account and not provided for is INR 856 lakhs (Previous year: INR 571 lakhs).

30 Leases

30.1 Amounts recognised in balance sheet

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Right-of-use assets	4		
Building		429	51
Land		109	162
Plant & machinery		-	1,043
		538	**1,256**
(ii) Lease liabilities			
Non-current	13	353	677
Current	16	194	234
		547	**911**

30.2 Amounts recognised in the statement of profit and loss

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Depreciation and amortisation expense	4		
Building		64	20
Land		53	54
Plant & machinery		46	73
		163	**147**
(ii) Interest expense (included in finance cost)	23	41	38
(iii) Expense relating to short-term leases {refer note (a) below}	25	2	5

(a) Short-term leases has been accounted for applying Paragraph 6 of Ind AS 116- Leases and accordingly recognised as expense in the statement of profit and loss.

(b) The total cash outflow for the year ended 31 March 2022 amounts to INR 812 lakhs. (Previous year: INR 233 lakhs).

30.3 The impact on the statement of profit and loss is as below:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent is lower by	129	81
Depreciation is higher by	(163)	(147)
Finance cost is higher by	(41)	(38)
	(75)	**(104)**

The Company has discounted lease payments using applicable incremental borrowing rate within a range of 6% to 9.25% for measuring the lease liability.

30.4 The amount of lease commitment for short term leases as at 31 March 2022 is nil (Previous year: Nil)

31 (a) Contingent liabilities not provided for - Nil (Previous year: INR 10 lakhs) pertain to excise duty (relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty)

(b) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act,1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution based on it's interpretation of the said judgement. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

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32 Employee benefits

a) Defined Contribution Plans
The contributions recognized in the statement of profit and loss during the year are as under:

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Superannuation fund	46	42
National pension scheme	15	-
Employee pension fund	136	129
	197	**171**

b) Defined benefits plans
The expense recognized in the statement of profit and loss during the year are as under:

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Provident fund*	172	157
	172	157

* Contributions are made to the Company's Employees Provident Fund Trust at predetermined rates in accordance with the Fund rules. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such shortfall as an expense. During the previous year ended 31 March 2022, the Company has charged INR: 25 lakhs (previous year - INR 172 lakhs) being the change in measurement of defined benefit plans, in other comprehensive income for the shortfall in the interest payable by the Trust to the beneficiaries as on the balance sheet date.

c) Gratuity (Funded)
The Company makes annual contributions to The Titan Industries Gratuity Fund. The scheme provides for lump sum payment to vested employees at retirement, death while in employment, or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.

The plan is a defined benefit plan in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that an adverse salary growth or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Discount rate (p.a.)	7.20%	6.90%
Salary escalation rate (p.a.)		
- Non-management	7.0%	7.0%
- Management	7.0%	7.0%

- The retirement age of employees of the Company varies from 58 to 60 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Ult table.
- Rates of leaving service (leaving service due to disability included) at specimen ages are as shown below (Rate per annum):

Age (years)	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
21-44	6%	6%
45 and above	2%	2%

Components of defined benefit costs recognised in the statement of profit and loss are as follows:

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Current service cost	159	176
Interest on net defined benefit liability / (asset)	(9)	23
Total component of defined benefit costs charge to the statement of profit and loss	**150**	**199**

Components of defined benefit costs recognised in other comprehensive income are as follows:

Particulars	**For the year ended 31 March 2022**	**For the year ended 31 March 2021**
Opening amount recognised in other comprehensive income outside profit and loss account	**117**	**420**
Remeasurements during the period due to:		
- Changes in financial assumptions	(61)	(131)
- Changes in demographic assumptions	-	-
- Experience adjustments	(6)	(139)
- Actual return on plan assets less interest on plan assets	(20)	(33)
Closing amount recognised in outside of statement of profit and loss	**30**	**117**

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32 Employee benefits (continued)

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.
The remeasurement of the net defined liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening net defined benefit liability/ (asset)	(104)	390
Expense charged to profit and loss account	150	199
Amount recognised outside statement of profit and loss	(87)	(303)
Employer contributions	-	(390)
Closing net defined benefit liability/ (asset)	**(41)**	**(104)**

Movement in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening defined benefit obligation	1,839	1,958
Current service cost	159	176
Interest cost	123	129
Remeasurement due to		
- Actuarial gains and losses arising from changes in financial assumptions	(61)	(131)
- Actuarial gains and losses arising from experience adjustments	(6)	(139)
Benefits paid	(28)	(154)
Closing defined benefit obligation	**2,025**	**1,839**

Movements in the fair value of plan assets are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening fair value of plan assets	1,942	1,568
Employer contributions	-	390
Interest on plan assets	132	106
Remeasurements due to actuarial return on plan assets less interest on plan assets	20	33
Benefits paid	(28)	(154)
Closing fair value of plan assets	**2,066**	**1,942**

Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate,leaving service rate and full salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumption by 50 basis points:

	For the year ended 31 March 2022		
	Discount rate	Salary escalation rate	Attrition rate
Defined benefit obligation on plus 50 basis points	1,928	2,126	2,004
Defined benefit obligation on minus 50 basis points	2,127	1,928	2,044

	For the year ended 31 March 2021		
	Discount rate	Salary escalation rate	Attrition rate
Defined benefit obligation on plus 50 basis points	1,746	1,937	1,803
Defined benefit obligation on minus 50 basis points	1,937	1,746	1,849

Maturity profile of defined benefit obligation

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
With in year 1	191	117
1 year to 2 years	65	116
2 years to 3 years	122	60
3 years to 4 years	134	110
4 years to 5 years	134	124
Over 5 years	4,254	3,894

The Company is expected to contribute INR 50 lakhs to the gratuity fund next year.

A split of plan asset between various asset classes is as below:

	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Quoted	Unquoted	Quoted	Quoted
Government debt instruments	1,034	-	848	-
Other debt instruments	783	-	932	-
Entity's own equity instruments	153	-	109	-
Others	-	95	-	52

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(All amounts in INR lakhs, unless otherwise stated)

33 Related parties:

i) Relationship

a) Holding company	Titan Company Limited
b) Subsidiaries	TEAL USA Inc. (from 15 April 2021)
c) Fellow subsidiaries	Caratlane Trading Private Limited Favre Leuba AG (Switzerland) Titan Watch Company Hong Kong Limited (100% subsidiary of Favre Leuba AG) Titan Holdings International FZCO Titan Global Retail L.L.C Titan Commodity Trading Limited (from 10 August 2020) StudioC Inc (from 11 February 2021) (Subsidiary of Caratlane Trading Private Limited) TCL North America Inc. (from 15 April 2021)
d) Other related parties	Green Infra Windpower Theni Limited
e) Promoter of holding company	Tata Sons Private Limited Tamilnadu Industrial Development Corporation Limited
f) Key Management Personnel (KMP)	Mr. N P Sridhar, Whole-time Director & CEO Mr. Ashok Kumar Sonthalia, Director Mr. Suresh Rengarajan, CFO Ms. Sariga P Gokul, Company Secretary **Non - executive Directors** Mr. N Kailasanathan
g) Group entities (Wherever there are transactions)	Tata Consultancy Services Limited Tata SmartFoodz Limited Tata Teleservices Limited 915 Labs LLC Tata Advanced System Limited Tata Communications Tata Medical and Diagnostics Limited Supermarket Grocery Supplies Private Limited Tata Advanced Materials Limited Tata Electronics Private Limited
h) Post employee benefit plan entities	Titan Watches Provident Fund Titan Watches Super Annuation Fund Titan Industries Gratuity Fund

ii) Related party transactions during the year :

	Relationship	For the year ended 31 March	For the year ended 31 March 2021
Cost of materials consumed			
Titan Company Limited	Holding company	7	34
Supermarket Grocery Supplies Private Limited	Group entities	8	-
Revenue from operations			
Titan Company Limited	Holding company	50	15
915 Labs LLC	Group entities	108	-
Tata SmartFoodz Limited	Group entities	1,907	-
Tata Advanced Materials Limited	Group entities	-	27
Tata Consultancy Services Limited	Group entities	172	171
Tata Electronics Private Limited	Group entities	2,910	539
Purchases of services			
Tata Teleservices Limited	Group entities	7	7
Tata Consultancy Services Limited	Group entities	36	42
Tata Communications	Group entities	22	-
Tata Medical and Diagnostics Limited	Group entities	45	-
Reimbursement towards rendering of services / expenses			
Tata Sons Private Limited	Promoter of holding company	-	0
Mr. R Vivekanandah	KMP	-	1
Miscellaneous expenses			
Titan Company Limited	Holding company	480	324
Tata Electronics Private Limited	Group entities	-	

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Notes to the financial statements for the year ended 31 March 2022
(All amounts in INR lakhs, unless otherwise stated)

33 Related parties (continued):

Dividend paid			
Titan Company Limited	Holding company	2,353	2,353
Income from services provided			
Tata SmartFoodz Limited	Group entities	22	-
Tata Advanced Materials Limited	Group entities	4	-
Tata Advanced System Limited	Group entities	34	-
Tata Electronics Private Limited	Group entities	64	264
Key managerial personnel compensation			
Managerial remuneration*	KMP	250	250
Commission and sitting fees	KMP	16	12
Contribution to Trust funds			
Titan Watches Provident Fund	Post employee benefit plan entities	713	670
Titan Watches Super Annuation Fund	Post employee benefit plan entities	-	50
Titan Industries Gratuity Fund	Post employee benefit plan entities	-	390

iii) **Related party closing balances as on balance sheet date:**

		As at 31 March 2022	As at 31 March 2021
Outstanding - net payables			
Titan Company Limited	Holding company	42	20
Tata Consultancy Services Limited	Group entities	-	8
Tata Medical and Diagnostics Limited	Group entities	17	-
Tata Communications Ltd	Group entities	4	-
Tata Advanced Materials Limited	Group entities	4	-
SuperMarket Grocery Supplies Private Limited	Group entities	6	-
Outstanding - net receivable			
Tata Advanced Materials Limited	Group entities	-	6
Tata Electronics Private Limited	Group entities	566	189
Tata SmartFoodz Limited	Group entities	226	-
Tata Consultancy Services Limited	Group entities	26	-
Tata Advanced Systems Ltd	Group entities	14	-
915 Labs LLC	Group entities	28	-

Note:

a) 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 the auditors.

b) The above figures do not include provisions for encashable leave, gratuity and pension, as separate actuarial valuation are not available.

c) No loans or advances in the nature of loans have been granted to promoters, directors, KMPs or any other related party, either severally or jointly with any other person.

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(All amounts in INR lakhs, unless otherwise stated)

34 Financial instruments

34.1 Categories of financial instruments

Financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at fair value through profit or loss (FVTPL)		
Designated as FVTPL-Equity investments and mutual funds	-	3,994
Total financial assets measured at FVTPL (a)	-	**3,994**
Measured at amortised cost		
- Trade receivables	12,218	7,559
- Cash and cash equivalents	1,201	2,251
- Bank balances other than cash and cash equivalents	9	1,315
- Security deposits	132	56
- Other assets	239	87
- Employee loans	419	432
Total financial assets measured at amortised cost (b)	**14,218**	**11,699**
Derivative instruments other than in designated hedge accounting relationships (c)	282	-
Total financial assets (a + b + c)	14,500	15,693

Financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at fair value through profit or loss (FVTPL)		
Derivative instruments other than in designated hedge accounting relationships	-	52
Total financial liabilities measured at FVTPL (a)	-	**52**
Measured at amortised cost		
- Borrowings	1,000	405
- Trade payables	3,762	2,081
- Lease liability	547	911
- Other financial liabilities	2,240	1,362
Total financial liabilities measured at amortised cost (b)	7,549	4,759
Total financial liabilities (a + b)	7,549	4,811

(i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

Particulars	As at 31 March 2022			
Financial assets and liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
- Quoted investments at FVTPL	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	282	-	282
Total financial assets	-	**282**	-	**282**
Financial liabilities				
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
Total financial liabilities	-	-	-	-

Particulars	As at 31 March 2021			
Financial assets and liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
- Quoted investments at FVTPL	-	3,994	-	3,994
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
Total financial assets	-	**3,994**	-	**3,994**
Financial liabilities				
- Derivative instruments other than in designated hedge accounting relationships	-	52	-	52
Total financial liabilities	-	**52**	-	**52**

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34.1 Financial instruments (continued)

(ii) Valuation technique used to determine fair value
Specific value techniques used to value financial instruments include:
- the use of quoted market prices for listed instruments.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using option prices obtained from banks.
- the fair value of remaining financial instruments is determined using market comparable, discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities that are not measured at fair value but fair value disclosures are required
The carrying values of financial assets and liabilities approximate the fair values.

34.2 Credit risk
Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.
Credit risk is managed by the Company through approved credit norms, establishing credit limits, obtaining advances from customers and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. Credit risk arises principally from the Company's receivables from customer. Refer note 9.2 for the disclosure for trade receivables.

Impact of COVID-19 (Global pandemic):
Financial assets carried at fair value as at 31 March, 2022 is Nil (previous year - INR 3,994 lakhs) and financial assets carried at amortised cost as at 31 March 2022 is INR 14,218 lakhs (previous year - INR 11,699 lakhs). The financial assets carried at fair value by the Company are investments in mutual funds and accordingly, any material volatility is not expected. Financial assets of INR 1,210 lakhs as at 31 March 2022 (previous year - INR 3,566 lakhs) carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of INR 12,218 lakhs as at 31 March, 2022 (previous year - INR 7,559 lakhs) forms a part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable.

34.3 Liquidity risk
The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity and interest risk tables:
The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn on an undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Contractual maturities of financial liabilities	**less than 1 year**	**more than 1 year**	**Total**
As at 31 March 2022			
Non-derivatives			
Borrowings	1,000	-	1,000
Trade payables	3,762	-	3,762
Lease liability	202	402	604
Other financial liabilities	2,240	-	2,240
Total non-derivative liabilities	**7,204**	**402**	**7,606**
Derivative instruments other than in designated hedge accounting relationships	-	-	-
Total financial liabilities	**7,204**	**402**	**7,606**

Contractual maturities of financial liabilities	**less than 1 year**	**more than 1 year**	**Total**
As at 31 March 2021			
Non-derivatives			
Borrowings	405	-	405
Trade payables	2,081	-	2,081
Lease liability	234	677	911
Other financial liabilities	1,362	-	1,362
Total non-derivative liabilities	**4,082**	**677**	**4,759**
Derivative instruments other than in designated hedge accounting relationships	52	-	52
Total financial liabilities	**4,134**	**677**	**4,811**

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34.4 Market risk

The Company is exposed to foreign exchange risk through its exports and imports in various foreign currencies. Exchange rate between the rupee and foreign currencies has changed in recent years and may fluctuate in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency (in lakhs)	Amount in INR	Foreign Currency (in lakhs)	Amount in INR
Trade Receivables				
- EUR	51.71	4,355	30.98	2,657
- USD	42.65	3,233	26.02	1,902
- GBP	0.42	42	-	-
Bank balances				
- EUR	2.40	202	0.52	45
- USD	-	-	0.81	59
Advances to suppliers				
- EUR	1.17	99	1.38	118
- USD	0.65	49	4.44	325
- CHF	0.00	0	0.01	0
- CAD	-	-	-	-
- GBP	0.10	10	0.08	8
- JPY	6.25	4	42.23	28
- SGD	0.00	0	0.01	1
Trade Payables				
- EUR	2.44	205	8.79	754
- USD	5.74	435	7.80	570
- CHF	0.08	6	0.29	22
- CAD	0.01	1	-	-
- GBP	0.51	51	0.24	24
- JPY	-	-	39.85	26
- SGD	0.01	0	0.02	1
Advance from customers				
- EUR	6.62	558	0.61	52
- USD	11.14	844	1.99	146

Foreign currency sensitivity analysis:

The Company is mainly exposed to USD and EURO. The Company's sensitivity to a 50 basis point increase and decrease in the INR against the relevant foreign currencies is presented below:

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 50 basis point change in foreign currency rates. There is a decrease in profit or equity by INR 30 lakhs (Previous year: INR 14 lakhs) where the INR strengthens 50 basis point against the relevant currency. For a 50 basis point weakening of the INR against the relevant currency, there would be a comparable increase in profit or equity.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Impact of COVID-19 (Global pandemic):

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions may be impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness

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35 Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and other strategic investment plans. The funding requirements are primarily met through equity and operating cash flows generated. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholder. The Company is not subject to any externally imposed capital requirements.

36 Financial Ratios

Particulars	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	Variance %
a) Current Ratio	Total current assets	Total current liabilities	2.12	2.65	-20%
b) Debt-Equity Ratio {refer note (a)}	Debt consists borrowings and lease liabilities	Total equity	0.04	0.03	73%
c) Debt Service Coverage Ratio {refer note (b)}	Earnings for debt service = Net Profit after taxes + Non-cash operating expenses + Finance cost + other non cash adjustments	Debt service = Interest and lease payments + Principal repayments	1.42	17.93	-92%
d) Return on Equity Ratio {refer note (c)}	Profit for the year (Net Profit after Tax)	Average total equity	4%	9%	-49%
e) Inventory turnover ratio	Cost of goods sold	Average inventory	1.35	1.49	-9%
f) Trade Receivables turnover ratio	Revenue from operations	Average trade receivables	3.83	4.10	-7%
g) Trade payables turnover ratio	Net purchases	Average trade payables	6.99	6.18	13%
h) Net capital turnover ratio,	Revenue from operations	Working capital (Current Assets - Current Liabilities)	2.16	1.89	15%
i) Net profit ratio {refer note (c)}	Profit for the year (after Tax)	Revenue from operations	0.04	0.09	-52%
j) Return on Capital employed {refer note (c)}	Profit before tax and finance cost	Capital employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	6%	11%	-46%
k) Return on investments	Income generated from invested funds	Average invested funds in treasury investments	3.80%	3.82%	0%

Explanation for ratios where the variance is beyond 25% compared to previous year:
a) Increase in debt in the current year has resulted as increase in the ratio.
b) Decrease in cash profits for the year along with increase in interest and principal payments has resulted as decrease in the ratio.
c) Decrease in profits for the year has resulted as decrease in the ratio.

37 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

38 During the current year, the Management based on its initial investigation, has identified misappropriation of funds aggregating INR 145 lakhs during the financial year 2019-20 by a then employee of its holding company through manual bank payments made directly from the bank portal without recording the transactions in the Company's books. The Company has currently charged off this amount to the Statement of profit and loss under Miscellaneous expenses and is evaluating the next steps on this matter.

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(All amounts in INR lakhs, unless otherwise stated)

39 Other statutory information :

(i) The Company does not have any Benami property or any proceeding is pending against the Company for holding any Benami property.
(ii) The Company do not have any transactions with struck off companies.
(iii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
(iv) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
(v) The Company has not invested funds in any entity with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other entities by or on behalf of the company (ultimate beneficiaries) or
(b) provide any guarantee or security to or on behalf of the ultimate beneficiaries,
(vi) The Company has not received any fund from entities with an understanding that the Company shall:
(a) lend or invest in other entities identified by or on behalf of the funding Party (ultimate beneficiaries) or
(b) provide any guarantee or security on behalf of the ultimate beneficiaries,
(vii) The Company is not classified as wilful defaulter.
(viii) The Company doesn't have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as search or survey.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Vikash Gupta
Partner

Membership No.: 064597

Place: Bengaluru
Date: 4 July 2022

for and on behalf of the Board of Directors of
Titan Engineering & Automation Limited
(CIN: U33111TZ2015PLC021232)

N P Sridhar	**Ashok Sonthalia**	**Suresh Rengarajan**	**Sariga P Gokul**
Whole-time Director & CEO	*Director*	*Chief Financial Officer*	Company Secretary
DIN: 03375241	DIN: 03259683		Membership No.: A39637
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: 4 July 2022	Date: 4 July 2022	Date: 4 July 2022	Date: 4 July 2022

Titan Engineering & Automation Ltd.