TITAN ENGINEERING & AUTOMATION LIMITED

Financial Statement for the year ended 31st March 2019

B S R & Co. LLP
Chartered Accountants

Maruthi Info-Tech Centre
11-12/1, B Block, 2nd Floor
Inner Ring Road, Koramangala
Bangalore 560 071 India

Telephone +91 80 7134 7000
Fax +91 80 7134 7999

INDEPENDENT AUDITORS' 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 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and 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 the 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.

Responsibility of Management for 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 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.

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:
5th Floor, Lodha Excelus
Apollo Mills Compound
N M Joshi Marg, Mahalakshmi
Mumbai 400 011

Responsibility of Management for Financial Statements (continued)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Auditor's Responsibilities for the Audit of the Financial Statement (continued)

- 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act.

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

Report on Other Legal and Regulatory Requirements (Continued)

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

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

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

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

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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

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

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

R. tj

Arjun Ramesh
Partner
Membership number: 218495

Place: Bengaluru
Date: 30 April 2019

Independent Auditor's Report (continued)

To the Members of Titan Engineering & Automation Limited

Annexure A to the Independent Auditor's report

In respect of the Annexure A referred to in paragraph 1 of our report to the Members of Titan Engineering & Automation Limited ('the Company') for the year ended March 31, 2019, we report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were observed on such verification.

(c) In our opinion and 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 the freehold land are held in the name of the Company as at the date of the balance sheet except the following immovable properties:

No. of cases (Buildings)	Amount (in lakhs)	Remarks
2 (Located at Hosur and Muduganapalli)	Gross block – 6,001 Net block – 5,455	The occupancy certificate of the building are 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 (s) of Madras vide order dated 13 February 2017.

ii. The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

Independent Auditor's Report (continued)

To the Members of Titan Engineering & Automation Limited

Annexure A to the Independent Auditor's report

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 of the Act in respect of the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Duty of customs, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of excise and Value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, Duty of customs, cess and any other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues in respect of Income tax, Sales tax, Service tax, Goods and Services tax, Duty of customs, Duty of excise and Value added tax which have not been deposited by the Company on account of dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

ix. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

x. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

Independent Auditor's Report (continued)

To the Members of Titan Engineering & Automation Limited

Annexure A to the Independent Auditor's report

xii. According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

xiii. According to the information and explanations given to us and based on our examination of the 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. The provisions of Section 177 are not applicable to the Company.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

xvi. According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Arjun Ramesh
Partner
Membership Number: 218495

Place: Bengaluru
Date: 30 April 2019

Annexure B to the Independent Auditors' report on the financial statements of Titan Engineering & Automation Limited for the year ended 31 March 2019.

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

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

Opinion

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

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

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

Auditors' Responsibility (continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Arjun Ramesh
Partner
Membership Number: 218495

Place: Bengaluru
Date: 30 April 2019

Titan Engineering & Automation Limited
Balance sheet
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	15,969	15,299
Capital work-in-progress		384	205
Intangible assets	4	133	80
Financial assets			
(i) Loans	5.1	236	216
(ii) Other financial assets	5.2	107	80
Deferred tax asset	13	252	-
Tax assets, net		-	13
Other non-current assets	6	409	36
Total non-current assets		**17,490**	**15,929**
Current assets			
Inventories	7	12,551	8,305
Financial assets			
(i) Trade receivables	8.1	5,251	8,066
(ii) Cash and cash equivalents	8.2	1,767	11
(iii) Loans	8.3	202	205
Other current assets	9	2,354	2,924
Total current assets		**22,125**	**19,511**
TOTAL ASSETS		**39,615**	**35,440**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	4,705	4,705
Other equity	11	24,212	20,078
Total equity		**28,917**	**24,783**
Liabilities			
Non-current liabilities			
Provisions	12	918	734
Deferred tax liabilities (net)	13	541	317
Total non-current liabilities		**1,459**	**1,051**
Current liabilities			
Financial liabilities			
(i) Borrowings	14.1	-	2,051
(ii) Trade payables	14.2		
- Total outstanding dues of micro enterprises and small enterprises		29	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,805	5,092
(iii) Other financial liabilities	14.3	1,602	212
Other current liabilities	15	4,080	1,969
Provisions	16	604	277
Current tax liabilities, net		119	5
Total current liabilities		**9,239**	**9,606**
TOTAL EQUITY AND LIABILITIES		**39,615**	**35,440**
Significant accounting policies	2		

The notes referred to above form an integral part of financial statements

As per our report of even date attached

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

Arjun Ramesh
Partner
Membership No.: 218495

Place: Bengaluru
Date: 30 April 2019

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

K.R. Vanilakshmi

R Vivekanandah	S Subramaniam	Vishwanath G Hegde	K R Vanilakshmi
Whole-time Director & CEO DIN: 06563820	*Director* DIN: 01494407	*Chief Financial Officer*	Company Secretary
Place: Bengaluru Date: 30 April 2019	Place: Bengaluru Date: 30 April 2019	Place: Bengaluru Date: 30 April 2019	Place: Bengaluru Date: 30 April 2019

Titan Engineering & Automation Limited

Titan Engineering & Automation Limited
Statement of profit and loss
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	17	34,321	25,213
Other income	18	241	39
Total income		**34,562**	**25,252**
Expenses:			
Cost of materials consumed		18,727	15,003
(Increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress	19	(2,652)	(2,086)
Excise duty	20	-	52
Employee benefits expense	21	7,475	5,884
Finance costs	22	130	63
Depreciation and amortization expense	23	1,542	1,386
Other expenses	24	3,534	2,981
Total expenses		**28,756**	**23,283**
Profit before tax		**5,806**	**1,969**
Income tax expense:			
Current tax	25.1	1,530	352
MAT credit entitlement		(252)	-
Deferred tax charge / (credit)		224	284
Total tax		**1,502**	**636**
Profit for the year		**4,304**	**1,333**
Other comprehensive income			
(i) Items that will not be reclassified to statement of profit and loss			
- Remeasurement of the defined benefit liabilities/ obligations		(214)	115
(ii) Income tax on items that will not be reclassified to statement of profit and loss		44	(40)
Total other comprehensive income		**(170)**	**75**
Total comprehensive income for the year		**4,134**	**1,408**
Earnings per equity share of ` 10:			
Basic and diluted (Rs.)	27	9.15	3.93
Significant accounting policies	2		

The notes referred to above form an integral part of financial statements

As per our report of even date attached

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

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

Arjun Ramesh	**R Vivekanandah**	**S Subramaniam**	**Vishwanath G Hegde**	**K R Vanilakshmi**
Partner	*Whole-time Director & CEO*	*Director*	*Chief Financial Officer*	Company Secretary
Membership No.: 218495	DIN: 06563820	DIN: 01494407		
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: 30 April 2019	Date: 30 April 2019	Date: 30 April 2019	Date: 30 April 2019	Date: 30 April 2019

Titan Engineering & Automation Limited
Statement of cash flows
(All amounts in INR lakhs, unless otherwise stated)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities			
Profit before tax		5,806	1,969
Adjustments for:			
Depreciation and amortisation		1,542	1,386
(Gain)/loss on disposal of property, plant and equipment (net)		(9)	8
Finance costs		130	-
Allowance for doubtful trade receivables		149	-
Interest income on demand deposits		(10)	-
Net exchange differences (unrealised)		29	13
Income arising on fair valuation of employee loans		(16)	(9)
Amortization of deferred employee cost pertaining to employee loans		-	9
		7,621	3,376
Change in operating assets and liabilities			
Decrease/(increase) in trade receivables		2,637	(192)
(Increase) in inventories		(4,245)	(2,660)
(Increase) in other financial assets and loans		(28)	(175)
Decrease/(increase) in other current assets		570	(1,411)
(Decrease)/increase in trade payables		(2,258)	1,827
Increase in provisions		341	205
Increase in other financial liabilities		1,274	4
Increase/(decrease) in other current liabilities		2,110	(959)
Cash generated from operations		401	(3,361)
Income taxes (paid)/ refund		(1,403)	(554)
Net cash generated from / (used in) operating activities	**A**	**6,619**	**(539)**
Cash flows from investing activities			
Purchase of property, plant and equipment including intangibles and capital work in progress		(2,713)	(2,376)
Interest received		10	-
Proceeds from sale of property, plant and equipment		21	-
Cash transfer pursuant to demerger		-	(22,583)
Net cash used in investing activities	**B**	**(2,682)**	**(24,959)**
Cash flows from financing activities			
Proceeds from issue of shares (including security premium)		-	23,454
Repayment of borrowings		(2,051)	-
Finance cost		(130)	-
Proceeds from borrowings		-	2,051
Net cash (used in) / from financing activities	**C**	**(2,181)**	**25,505**
Net increase in cash and cash equivalents	**(A+B+C)**	1,756	7
Cash and cash equivalents at the beginning of the year (refer note 8.2)		11	4
Cash and cash equivalents at the end of the year (refer note 8.2)		**1,767**	**11**

Significant accounting policies 2

The notes referred to above form an integral part of financial statements

As per our report of even date attached

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

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

Arjun Ramesh
Partner
Membership No.: 218495
Place: Bengaluru
Date: 30 April 2019

R Vivekanandah
Whole-time Director & CEO
DIN: 06563820
Place: Bengaluru
Date: 30 April 2019

S Subramaniam
Director
DIN: 01494407
Place: Bengaluru
Date: 30 April 2019

Vishwanath G Hegde
Chief Financial Officer
Place: Bengaluru
Date: 30 April 2019

K R Vanilakshmi
Company Secretary
Place: Bengaluru
Date: 30 April 2019

Titan Engineering & Automation Limited

Titan Engineering & Automation Limited
Statement of changes in equity
(All amounts in INR lakhs, unless otherwise stated)

(a) Equity share capital

Balance as at 1 April 2017	5
Changes in equity share capital during the year	4,700
Balance as at 31 March 2018	**4,705**
Balance as at 1 April 2018	4,705
Changes in equity share capital during the year	-
Balance as at 31 March 2019	**4,705**

(b) Other equity

Particulars	**Reserves and surplus**			**Total**
	Securities premium	**Retained earnings**	**Items of other comprehensive income (refer note 11)**	
Balance as at 1 April 2017	-	(12)	(72)	(84)
Profit for the year (net of taxes)	-	1,333	-	1,333
Securities premium	18,754	-	-	18,754
Other comprehensive income for the year (net of taxes)	-	-	75	75
Balance as at 31 March 2018	**18,754**	**1,321**	**3**	**20,078**
Balance as at 1 April 2018	**18,754**	**1,321**	**3**	**20,078**
Profit for the year (net of taxes)	-	4,304	-	4,304
Securities premium	-	-	-	-
Other comprehensive income for the year (net of taxes)	-	-	(170)	(170)
Balance as at 31 March 2019	**18,754**	**5,625**	**(167)**	**24,212**

Significant accounting policies 2

The notes referred to above form an integral part of financial statements

As per our report of even date attached

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

Arjun Ramesh
Partner
Membership No.: 218495

Place: Bengaluru
Date: 30 April 2019

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

K.R.Vanilakshmi

R Vivekanandah
Whole-time Director & CEO
DIN: 06563820
Place: Bengaluru
Date: 30 April 2019

S Subramaniam
Director
DIN: 01494407
Place: Bengaluru
Date: 30 April 2019

Vishwanath G Hegde
Chief Financial Officer
Place: Bengaluru
Date: 30 April 2019

K R Vanilakshmi
Company Secretary
Place: Bengaluru
Date: 30 April 2019

Titan Engineering & Automation Limited *

Titan Engineering & Automation Limited

Significant accounting policies and notes to the financial statements for the year ended 31 March 2019

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. 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 2019 is included in the following notes:
Note 3 – Useful life of the Property, Plant and equipment;
Note 4 – Useful life of the Intangible assets;
Note 29 – Provisions and contingent liabilities;
Note 30 – Measurement of defined benefit obligations: key actuarial assumptions;
Notes 32 – Fair value measurement of financial instruments.

B S R & Co. LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited Bangalore

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 32 – financial instruments.

vi. Revenue recognition

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Company has adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application, and the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact on the financial statements of the Company.

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

BSR & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited
Bangalore

a) 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.

- 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 17 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

vii. 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.

viii. 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

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited
Bangalore

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.

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.

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.

ix. 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 tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited
Bangalore

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.

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.

x. 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. Machinery spares which can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. 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.

B S R & Co. LLP ★ BANGALORE 560 071 ★ CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited Bangalore

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.

xi. 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.

xii. Impairment

<u>Impairment of financial assets:</u>

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.

<u>Impairment of non-financial assets:</u>
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
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited
Bangalore

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.

xiii. 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.

xiv. 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

B. P. & Co. LLP ★ BANGALORE 560 071 CHARTERED ACCOUNTANTS ★

Titan Engineering & Automation Limited Bangalore ★

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.

xv. 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)

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 subsequently measured at amortized cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and 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 which is not classified in any of the above categories are subsequently fair valued through profit or loss.

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 liabilities 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.

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.

xvi. 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.

xvii. Cash and cash equivalents

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

S.R. & Co. LLP * BANGALORE 560 071 * CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited Bangalore

xviii. 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. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

xix. 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.

xx. New accounting standards not yet adopted:

The Company has not applied the following new and revised Ind AS that have been issued but are not yet effective:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

a) Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

B S R & Co. LLP Bangalore 560 071 Chartered Accountants

Titan Engineering & Automation Limited Bangalore

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

b) Ind AS 23 – Borrowing Costs

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

Titan Engineering & Automation Limited
Notes to the financial statements
(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
	Gross carrying value							
As at 1 April 2017	670	5,132	8,827	280	442	218	61	15,630
Additions	-	402	1,521	207	250	70	69	2,519
Disposals / adjustments	-	-	218	18	82	27	1	346
As at 31 March 2018	670	5,534	10,130	469	610	261	129	17,803
As at 1 April 2018	670	5,534	10,130	469	610	261	129	17,803
Additions	-	467	1,440	85	64	18	101	2,175
Disposals / adjustments	-	-	53	7	14	3	32	109
As at 31 March 2019	670	6,001	11,517	547	660	276	198	19,869
	Accumulated depreciation							
As at 1 April 2017	-	155	1,028	-	68	46	20	1,317
Depreciation expense	-	191	895	120	94	46	27	1,373
Disposals / adjustments	-	-	169	7	7	3	-	186
As at 31 March 2018	-	346	1,754	113	155	89	47	2,504
As at 1 April 2018	-	346	1,754	113	155	89	47	2,504
Depreciation expense	-	200	963	129	105	51	45	1,493
Disposals / adjustments	-	-	51	6	7	2	31	97
As at 31 March 2019	-	546	2,666	236	253	138	61	3,900
	Net carrying value							
As at 31 March 2018	670	5,188	8,376	356	455	172	82	15,299
As at 31 March 2019	670	5,455	8,851	311	407	138	137	15,969

4 Other intangible assets

Particulars	Computer software	Total
	Gross carrying value	
As at 1 April 2017	6	6
Additions	89	89
Disposals / adjustments	-	-
As at 31 March 2018	95	95
As at 1 April 2018	95	95
Additions	102	102
Disposals / adjustments	-	-
As at 31 March 2019	197	197
	Accumulated depreciation	
As at 1 April 2017	2	2
Amortisation expense	13	13
Disposals / adjustments	-	-
As at 31 March 2018	15	15
As at 1 April 2018	15	15
Amortisation expense	49	49
Disposals / adjustments	-	-
As at 31 March 2019	64	64
	Net carrying value	
As at 31 March 2018	80	80
As at 31 March 2019	133	133

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

5 Financial assets

5.1 Loans

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Security deposits	-	12
Employee loans	236	204
	236	**216**

5.2 Other financial assets

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Other deposits (Electricity, Telephone deposits)	107	80
	107	**80**

6 Other non-current assets

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Deferred employee cost	36	36
Capital advances	373	-
	409	**36**

7 Inventories

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Raw materials [refer a) below]	3,745	2,345
Work-in-progress	6,039	3,351
Finished goods	2,010	2,046
Stores and spares	757	563
	12,551	**8,305**
a) Included above, goods in transit		
Raw materials	123	30

(i) The cost of inventories recognised as an expense during the year is Rs 16,075 lakhs (Previous year : ` 12,836 lakhs).
(ii) The cost of inventories recognised as an expense includes ` 43 lakhs (Previous year: ` 65 lakhs) in respect of write down of inventory to net-realisable value.
(iii) Refer point (xv) under significant accounting policies for mode of valuation

8 Financial assets

8.1 Trade receivables

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Unsecured		
(a) Considered good*	5,251	8,066
Less: Allowance for doubtful trade receivables	-	-
	5,251	8,066
(b) Credit impaired	147	215
Less: Allowance for doubtful trade receivables	(147)	(215)
	-	-
	5,251	**8,066**

*Trade receivable include Rs 48 lakhs receivable from Holding company

(All amounts in INR lakhs, unless otherwise stated)

8.2 Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- current accounts	462	11
- demand deposits	1,305	-
	1,767	**11**

8.3 Loans

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured		
Security deposits	16	50
Employee loans	186	155
	202	**205**

9 Other current assets

Particulars	As at 31 March 2019	As at 31 March 2018
Advances to suppliers	202	114
Prepaid expenses	172	131
Balance with revenue authorities	1,851	2,581
Gratuity {refer note 30}	-	25
Others (Travel advances, Employee dues)	129	73
	2,354	**2,924**

10 Share capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised share capital		
60,000,000 (Previous year : 60,000,000) equity shares of par value of Rs.10 each	6,000	6,000
Issued, subscribed and paid-up shares		
47,050,000 (Previous year : 47,050,000) equity shares of par value of Rs.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 Rs. 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 shareholders.

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

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Equity shares				
Shares outstanding at beginning of the year	4,70,50,000	4,705	4,70,50,000	4,705
Add: Shares issued during the year	-	-	-	-
Shares outstanding 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% of a class of shares is set below and shares held by the Holding and fellow subsidiary companies:

	31 March 2019		31 March 2018	
Name of shareholder	Number	%	Number	%
Titan Company Limited - 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 2019.

B S R & Co. LLP * Chartered Accountants * Bangalore 560 071

Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

11 Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
Retained earnings (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	5,625	1,321
Securities premium	18,754	18,754
Other comprehensive income (Represents actuarial gain or loss on remeasurement of defined benefit obligation)	(167)	3
	24,212	**20,078**

12 Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences	918	734
	918	**734**

13 Deferred tax liabilities, net

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	759	503
Deferred tax liabilities	(1,048)	(820)
	(289)	**(317)**

13.1 Movement of deferred tax

Particulars	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2019
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	820	217	-	1,037
Intangible asset	-	11	-	11
	820	228	-	1,048
Tax effect of items constituting deferred tax assets				
MAT credit entitlement	-	252	-	252
Provisions for compensated absences and doubtful debts	371	48	-	419
Compensation towards voluntary retirement	132	(44)	-	88
	503	256	-	759
Net tax asset /(liability)	**(317)**	**28**	**-**	**(289)**

Particulars	As at 1 April 2017	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2018
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	544	276	-	820
Intangible asset	1	(1)	-	-
	545	275	-	820
Tax effect of items constituting deferred tax assets				
Provisions for compensated absences and doubtful debts	345	26	-	371
Compensation towards voluntary retirement	167	(35)	-	132
	512	(9)	-	503
Net tax asset /(liability)	**(33)**	**(284)**	**-**	**(317)**

B S R & Co. LLP ★ CHARTERED ACCOUNTANTS BANGALORE 560 071

★ Titan Engineering & Automation Limited

Titan Engineering & Automation Limited
Notes to the financial statements
(All amounts in INR lakhs, unless otherwise stated)

14 Financial liabilities

14.1 Borrowings

	As at 31 March 2019	As at 31 March 2018
Secured		
Bank overdraft*	-	2,051
	-	**2,051**

*The borrowings are secured against stock and debtors. The interest payable ranges from 8.35% to 8.75% per annum.

14.2 Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables		
Total outstanding dues of Micro and small enterprises {Refer note (a) below}	29	-
Total outstanding dues of other than micro and small enterprises *	2,805	5,092
	2,834	**5,092**

* Includes payable to related party amounting to ` Nil (Previous year ` 1,658), Refer note 31.

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

There are no material dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2019. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

Particulars	As at 31 March 2019	As at 31 March 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
- Principal		
- Interest		
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).	-	-
(c) The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	169	190
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	2	-
(e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	2	-
(f) 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 purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

14.3 Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Payables on purchase of fixed assets	262	146
Other financial liabilities		
- Employee related	1,243	-
- Others (Retentions, LIC and Salary deductions payable)	97	66
	1,602	**212**

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

15 Other current liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Advance from customers	3,962	1,876
Statutory dues	118	93
	4,080	**1,969**

16 Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences	133	112
Provision for warranty {refer note (a) below}	184	165
Gratuity {refer note 30}	287	-
	604	**277**

a) Provision for warranty

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	165	86
Provisions made during the year	110	165
Utilisations/reversed during the year	(91)	(86)
Balance at the end of the year	**184**	**165**

B S R & Co. LLP ★ BANGALORE 560 071 ★ CHARTERED ACCOUNTANTS

★ Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

17 Revenue from operations

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products		
Automation solutions	17,176	14,670
Aerospace and Defence	16,293	10,091
	33,469	24,761
Rendering of services	694	408
Other operating revenues		
- Sale of scrap	158	44
	34,321	25,213

As per the requirement of Ind AS 115, the Company disaggregates revenue based on line of business (as given in note 26)

18 Other income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest from employee loans	26	27
Interest income on demand deposits	10	-
Income arising on fair valuation of employee loans and security deposits	16	9
Gain on disposal of property, plant and equipment (net)	9	-
Exchange gain	180	-
Miscellaneous income	0	3
	241	39

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Closing stock		
Finished goods	2,010	2,046
Work-in progress	6,039	3,351
	8,049	5,397
Opening stock		
Finished goods	2,046	1,177
Work-in progress	3,351	2,134
	5,397	3,311
(Increase) / decrease in inventory	(2,652)	(2,086)

20 Excise duty

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Excise duty paid	-	38
Less: Excise duty on closing stock	-	-
Add: Excise duty on opening stock	-	14
	-	52

21 Employee benefits expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	6,472	4,910
Company's contribution to provident and other funds {refer note 30(a)}	299	226
Welfare expenses	606	633
Gratuity {refer note 30(b)}	98	115
	7,475	5,884

22 Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on borrowings	130	63
	130	63

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

Titan Engineering & Automation Limited
Notes to the financial statements
(All amounts in INR lakhs, unless otherwise stated)

23 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment	1,493	1,373
Amortisation of intangible assets	49	13
	1,542	1,386

24 Other expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Agency labour	319	481
Power and fuel	512	415
Repairs and maintenance		
- Buildings	103	58
- Plant and machinery	268	304
- Others	121	-
Advertising and sales promotion	29	7
Selling and distribution	180	237
Insurance	34	21
Rent	26	16
Rates and taxes	94	94
Travel and conveyance	656	399
Bad debts written off	216	1
Less: Provision released	(216)	(1)
	-	-
Provision/ (reversal) for doubtful debts, net	149	(106)
Loss on sale / disposal / scrapping of property, plant and equipment (net)	-	8
Miscellaneous expenses*	1,043	1,047
	3,534	2,981

* Payment to auditors comprise (net of GST/ service tax input credit): Rs 18 Lakhs.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
For audit	15	11
For taxation matters	3	3
Reimbursement of expenses	1	1
	19	15

25 Income taxes

25.1 Income tax expense recognised in the statement of profit and loss

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax	1,503	352
Income tax of previous year	27	-
MAT credit entitlement	(252)	-
Deferred tax charge for the year	224	284
	1,502	636

B S R & Co. LLP BANGALORE 560 071 CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

25.2 The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Profit before tax	5,806	1,969
Enacted income tax rate in India	29.12%	34.61%
Computed expected tax expense	1,691	681
Effect of:		
Expenses that are not deductible in determining taxable profit	3	9
Effect of temporary differences	92	-
Effect due to MAT	(310)	-
Others	27	(54)
Income tax expense recognised in the statement of profit and loss	**1,502**	**636**

26 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.

b) Segment revenues and profit and loss

Particulars	**Revenue**		**Profit / (loss)**	
	For the year ended 31 March 2019	**For the year ended 31 March 2018**	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Automation solutions	17,206	14,675	2,582	1,855
Aerospace and defence	17,115	10,538	3,354	177
	34,321	25,213	5,936	2,032
Finance costs			130	63
Profit before taxes			5,806	1,969

c) Segment assets and liabilities

	As at 31 March 2019	**As at 31 March 2018**
Segment assets		
Automation solutions	14,452	13,007
Aerospace and defence	24,911	22,420
Unallocated assets	252	13
	39,615	35,440

	As at 31 March 2019	**As at 31 March 2018**
Segment liabilities		
Automation solutions	6,437	6,628
Aerospace and defence	3,601	3,707
Unallocated liabilities	660	322
	10,698	10,657

Geographical Segments:

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

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Revenue		
India	13,472	7,149
Outside India	20,849	18,064

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.

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

26.1 Information about major customers

Included in revenues arising from direct sales of Rs 34,321 lakhs (Previous year: Rs 25,213 lakhs) are revenues of approximately Rs 3,986 lakhs (Previous year: Rs 3,022 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.

27 Earnings per share

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

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Profit for the year (Rs in lakhs)	4,304	1,333
Weighted average number of equity shares	4,70,50,000	3,39,15,753
Nominal value of shares (Rs)	10	10
Earnings per share - Basic and diluted (Rs)	9.15	3.93

28 Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs 2,313 lakhs (Previous year: Rs 615 lakhs).

29 Contingent liabilities not provided for - Rs 80 lakhs (Previous year: Rs 80 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)

30 Employee benefits

Defined benefits plans

i) The contributions recognized in the statement of profit and loss during the year are as under:

a) Provident fund

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Provident fund	154	101
Superannuation fund	46	38
Employee pension fund	99	87
	299	**226**

ii) 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. For the years ended 31 March 2019 and 31 March 2018, there is/was no shortfall in the interest payable by the Trust to the beneficiaries as on the balance sheet dates.

b) Gratuity

ii) 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 of a final salary defined benefit 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 2019**	**For the year ended 31 March 2018**
Discount rate (p.a.)	7.70%	7.9%
Salary escalation rate (p.a.)		
- Non-management	7.0%	7.0%
- Management	8.0%	8.0%

- The retirement age of employees of the Company varies from 58 to 65 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) 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 2019**	**For the year ended 31 March 2018**
21-44	4%	4%
45 and above	2%	2%

B S R & Co. LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	104	109
Past service cost		-
Interest on net defined benefit liability/ (asset)	(6)	6
(Gain)/ loss on settlement		-
Total component of defined benefit costs	**98**	**115**

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening amount recognised in other comprehensive income outside profit and loss account	(42)	72
Remeasurements during the period due to:		
- Changes in financial assumptions	31	(103)
- Changes in demographic assumptions	(0)	(53)
- Experience adjustments	104	77
- Actual return on plan assets less interest on plan assets	79	(35)
- Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised in outside of statement of profit and loss	**172**	**(42)**

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 2019	For the year ended 31 March 2018
Opening net defined benefit liability/ (asset)	(25)	135
Expense charged to profit and loss account	98	115
Amount recognised outside statement of profit and loss	214	(115)
Employer contributions	(0)	(160)
Impact of liability settled	-	-
Closing net defined benefit liability/ (asset)	**287**	**(25)**

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening defined benefit obligation	1,186	1,080
Current service cost	104	109
Past service cost	-	0
Interest cost	89	78
Remeasurement due to		
- Actuarial gains and losses arising from changes in demographic assumptions	31	(54)
- Actuarial gains and losses arising from changes in financial assumptions	-	(103)
- Actuarial gains and losses arising from experience adjustments	103	77
Benefits paid	(11)	(1)
Closing defined benefit obligation	**1,502**	**1,186**

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening fair value of plan assets	1,210	945
Employer contributions	0	160
Interest on plan assets	95	71
Remeasurements due to actuarial return on plan assets less interest on plan assets	(79)	35
Benefits paid	(11)	(1)
Closing fair value of plan assets	**1,215**	**1,210**

B S R & Co. LLP
BANGALORE
560 071
CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount 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 2019	
	Discount rate	Salary escalation rate
Defined benefit obligation on plus 50 basis points	1,425	1,585
Defined benefit obligation on minus 50 basis points	1,585	1,425

Maturity profile of defined benefit obligation

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
With in year 1	137	116
1 year to 2 years	40	33
2 years to 3 years	94	35
3 years to 4 years	107	81
4 years to 5 years	92	94
Over 5 years	3,776	3,158

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

	Year ended 31 March 2019		Year ended 31 March 2018	
	Quoted	Unquoted	Quoted	Unquoted
Government debt instruments	674	-	642	-
Other debt instruments	482	-	458	-
Entity's own equity instruments	44	-	43	-
Others	-	15	-	67

31 **Related parties:**

i) Relationship

a) Holding company	Titan Company Limited
b) Fellow subsidiaries	Titan TimeProducts Limited (up to 18th June 2018) Carat Lane Trading Private Limited Favre Leuba AG (Switzerland) Titan Watch Company Hong Kong Limited (100% subsidiary of Favre Leuba AG)
c) Other related parties	Montblanc India Retail Private Limited Green Infra Windpower Theni Limited
d) Promoter of holding company	Tata Sons Limited Tamilnadu Industrial Development Corporation Limited
e) Key Management Personnel	Mr. R Vivekanandah, Whole-time Director & CEO Mr. Bhaskar Bhat, Director Mr. S Subramaniam, Director Mr. Vishwanath G Hegde, CFO K R Vanilakshmi, Company Secretary

ii) Related party transactions during the year :

	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
Cost of materials consumed			
Titan Company Limited	Holding company	-	55
Titan TimeProducts Limited	Fellow subsidiary	-	54
Revenue from operations			
Titan Company Limited	Holding company	96	18
Titan TimeProducts Limited	Fellow subsidiary	-	5
Miscellaneous expenses			
Titan Company Limited	Holding company	122	72
Issue of shares			
Titan Company Limited	Holding company	-	23,500
Service Income			
Titan Company Limited	Holding company	3	0
Key managerial personnel compensation			
Managerial remuneration	KMP	256	189

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

		As at 31 March 2019	As at 31 March 2018
Outstanding - net payables			
Titan Company Limited	Holding company	-	1,658
Outstanding - net receivable			
Titan Company Limited	Holding company	48	-

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 S R & Co. LLP * BANGALORE 560 071 * CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited

(All amounts in INR lakhs, unless otherwise stated)

32 Financial instruments

32.1 Categories of financial instruments

Financial assets

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Measured at amortised cost		
- Trade receivables	5,251	8,066
- Cash and cash equivalents	1,767	11
- Security deposits	16	62
- Other deposits	107	80
- Employee loans	422	359
Total financial assets measured at amortised cost	**7,563**	**8,578**

Financial liabilities

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Measured at amortised cost		
- Trade payables	2,834	5,092
- Other financial liabilities	1,602	212
Total financial liabilities	**4,436**	**5,304**

32.2 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 customers. Refer note 8.1 for the disclosure for trade receivables.

32.3 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	**< 3 months**	**> 3 months**	**Total**
As at 31 March 2019			
Non-derivatives			
Borrowings	-	-	-
Trade payables	2,834	-	2,834
Other financial liabilities	1,602	-	1,602
Total non-derivative liabilities	**4,436**	**-**	**4,436**

Contractual maturities of financial liabilities	**< 3 months**	**> 3 months**	**Total**
As at 31 March 2018			
Non-derivatives			
Borrowings	2,051	-	2,051
Trade payables	5,092	-	5,092
Other financial liabilities	212	-	212
Total non-derivative liabilities	**7,355**	**-**	**7,355**

B S R & Co. LLP ★ BANGALORE 560 071 ★ CHARTERED ACCOUNTANTS

Titan Engineering & Automation Limited ★

32.4 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:

Currency	Liabilities as at 31 March 2019	Assets as at 31 March 2019	Liabilities as at 31 March 2018	Assets as at 31 March 2018
USD	7	61	5	52
GBP	0	1	0	0
SGD	0	-	-	0
JPY	32	34	-	-
CHF	0	-	-	-
EUR	13	8	2	9

Foreign currency sensitivity analysis:

The Company is mainly exposed to USD & 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 an increase in profit or equity by Rs 24 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 decrease 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.

33 During the year ended 31 March 2019, the expenditure relating to the Corporate social Responsibility (CSR) is as follows:

(a) Gross amount required to be spent by the company during the year. 16

(b) Amount spent during the year on:

	In cash	Yet to paid in cash	Total
i. Construction/acquisition of any asset	-	-	-
ii. On purposes other than (i) above	17	-	17

34 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2019.

As per our report of even date attached

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

Arjun Ramesh
Partner
Membership No.: 218495

Place: Bengaluru
Date: 30 April 2019

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

K.R. Vanilakshmi

R Vivekanandah	S Subramaniam	Vishwanath G Hegde	K R Vanilakshmi
Whole-time Director & CEO	*Director*	*Chief Financial Officer*	Company Secretary
DIN: 06563820	DIN: 01494407		
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: 30 April 2019	Date: 30 April 2019	Date: 30 April 2019	Date: 30 April 2019

Titan Engineering & Automation Limited *