

## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF AUTOMOTIVE STAMPINGS AND ASSEMBLIES LIMITED

Report on the Audit of the Financial Statements

### **Opinion**

We have audited the financial statements of Automotive Stampings and Assemblies Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

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

### **Material uncertainty Related to Going Concern**

We draw your attention to note 4.4 in the financial statements, which states that the Company has incurred a net loss of INR 2,988.74 lakhs during the year ended 31 March 2021. Further, as of the date, the Company's liabilities exceed its total assets by INR 8,872.07 lakhs i.e. the net worth of the company as at 31 March 2021 is negative. These financial statements have also been negatively impacted due to the outbreak of COVID-19. Therefore, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Management has prepared the financial statements on a going concern basis since they have a reasonable expectation that the company would be able to meet its liabilities on the basis of letter of financial support provided by the Holding Company, access to alternative sources of funding by the Group entities and implementation of various measures to improve operational efficiency and optimize margins.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the Material Uncertainty related to Going Concern section we have determined the matter described below to be the key audit matter to be communicated in our report.

The Key Audit Matter	How the matter was addressed in our audit
<p><b>Impairment evaluation of Property, Plant and Equipment (“PPE”) (refer note 2.4 and 5 to the financial statements)</b></p> <p>Based on the guidance provided by Ind AS 36 ‘Impairment of assets’, the following indicators that PPE may be impaired have been identified:</p> <ul style="list-style-type: none"> <li>- As of 31 March 2021, the Company’s total liabilities exceeded its total assets by INR 8,872.07 Lakhs</li> <li>- The Company has been consistently reporting losses for the past 9 years. For the year ended 31 March 2021, the Company has reported a net loss before exceptional items and tax amounting to INR 2,969.89 Lakhs.</li> <li>- The automobile sector is expected to face severe business and operational challenges in the near future due to the COVID-19 pandemic. This is likely to have an adverse impact on the economic performance and hence, recoverable amount of the PPE.</li> </ul> <p>Therefore, as required by Ind AS 36, the Company has estimated the recoverable amount of its PPE with the assistance of an external expert.</p> <p>The fallout of the COVID-19 pandemic is likely to have severe repercussions on the Indian economy. Any valuation / forecasting assessments performed in this environment are exposed to a higher-than-usual degree of estimation uncertainty and judgement. Accordingly, this is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the Company’s process and key controls over the impairment evaluation.</li> <li>- Assessing and testing the design and operating effectiveness of such controls.</li> <li>- Evaluating the Company’s process with respect to impairment assessment and fair valuation. Assessed the competence, experience and objectivity of the expert engaged by the management.</li> <li>- Involving our valuation specialists to assess and challenge the appropriateness of the valuation model and the underlying assumptions.</li> <li>- Assessing and testing the sensitivity analysis performed by the Company and evaluating whether any possible changes in assumptions could lead to a significant change the recoverable value.</li> </ul>

**Other information**

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report, but does not include the financial statements and our auditors’ report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management’s and Board of Directors’ Responsibility for the Financial Statements**

The Company’s Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in

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accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 36 to the financial statements
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) We draw attention to Note 45 to the financial statements for the year ended 31 March 2021 according to which the managerial remuneration paid to Chief Executive Office of the Company (amounting to ₹. 65 Lakhs) exceed the prescribed limits under Section 197 read with Schedule V to the Companies

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Act, 2013 by INR 5 Lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the company proposes to obtain in the forthcoming Annual general Meeting. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Abhishek

Partner

Membership No. No: 062343

UDIN: 21062343AAAABD5137

Place: Pune

Date: 26 April 2021



**Annexure A to the Independent Auditors' Report on the financial statements of Automotive Stampings and Assemblies Limited for the year ended 31 March 2021**

With reference to Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the members of the Company on the financial statements for the year ended 31 March 2021, we report that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.
- (b) The Company has regular program of physical verification of its property, plant and equipment, by which all the property, plant and equipment are verified once every year. In accordance with this program, all property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to size of the Company and the nature of its assets.
- (c) 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 immovable properties are held in the name of the Company.
- ii. In our opinion and according to information and explanation given to us, and on the basis of our examination of records of the Company, the inventory except for goods-in-transit and inventory lying with third parties, has been physically verified by management during the year. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account. In respect of stock lying with third parties at the year end, written confirmation from major parties have been obtained and in respect of goods-in-transit, subsequent goods receipt has been verified by the management. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("Act"). Accordingly, paragraph 3(iii) (a), (b) and (c) of the Order are not applicable.
- iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees or securities to which provisions of section 185 and 186 of the Act apply. Accordingly, paragraph 3(iv) of the Order is not applicable.
- v. The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under.
- vi. The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(V) of the Order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Services Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, except for certain dues in relation to provident fund related matters referred to in note 36(b) to the financial statements. As explained to us, the Company did not have any dues on account of Sales Tax, Service Tax, Value added tax and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and Services Tax and other material statutory dues were in arrears as at 31 March 2021, for a period of more than six

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months from the date they became payable except for certain dues in relation to provident fund related matters referred to in note 36(b) to the financial statements.

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

Name of the statute	Nature of the dues	Amount (₹ in Lakhs) (Gross Demand)	Amount (₹ in Lakhs) (Paid under Protest)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Duty	31.70	-	2007-2008	Custom, Excise and Service Tax Appellate Tribunal
	Duty	123.96	-		
	2008-2009	Custom, Excise and Service Tax Appellate Tribunal			
	Penalty	83.82	69.83	2006-2011	Bombay High Court
	Duty	357.37	-	2002-2005	Custom, Excise and Service Tax Appellate Tribunal
Bombay Sales Tax Act, 1959	Sale Tax	2.92	-	2002-03	Joint Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Sale Tax	186.45	17.34	2013-14	Joint Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Sale Tax	182.57	60.19	2014-15	Joint Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Sale Tax	322.12	-	2015-16	Joint Commissioner (Appeals)*
Maharashtra Value Added Tax Act, 2002	Sale Tax	187.1	-	2016-17	Deputy Commissioner*
Income Tax Act, 1961	Income Tax	30.08	-	2002-03	Commissioner of Income Tax (Appeals)
	Income Tax	17.78	-	2005-06	Commissioner of Income Tax (Appeals)

\* The company is in the process of filing appeal with the respective authority.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or banks. The Company did not have any

dues to Government or any outstanding debentures during the year.

- ix. In our opinion and according to the information and explanations given to us, the term loan taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanation given to us, managerial remuneration paid / accrued to the Chief Executive Officer of the Company (amounting to INR 65 Lakhs) exceeds the prescribed limits under section 197 read with Schedule V of the Companies Act, 2013 by INR 5 Lakhs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual General Meeting. (Refer note 45 to the financial statements).
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the financial statements.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Chartered Accountants

Firm Registration No: 101248W/W-100022

Abhishek

Partner

Membership No.: 062343

UDIN: 21062343AAAABD5137

Place: Pune

Date: 26 April 2021

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**Annexure B to the Independent Auditors' report on the financial statements of Automotive Stampings and Assemblies Limited for the period ended 31 March 2021.**

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

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

### Opinion

We have audited the internal financial controls with reference to financial statements of Automotive Stampings and Assemblies Limited ("the Company") as of 31 March 2021 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 2021 based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

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

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

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

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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



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

Abhishek Signature  
Partner  
Membership No. 062343  
UDIN: 21062343AAAABD5137

Place: Pune  
Date: 26 April 2021