

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of JK Talabot Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of JK Talabot Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. 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 ("the 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, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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.

Emphasis of Matter

4. We draw your attention to Note 39 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

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Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's 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.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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.
7. In preparing the financial statements, management is 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. 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.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of JK Talabot Limited

Report on audit of the Financial Statements

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- 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.
 - 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.
10. 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.

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.



Price Waterhouse Chartered Accountants LLP

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- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2020.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
13. The Company has not paid/ provided for managerial remuneration during the year. Accordingly, the provisions of section 197 read with Schedule V to the Act are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Arunkumar Ramdas
Partner

Membership Number: 112433
UDIN: 20112433AAAAGK8176

Mumbai
June 24, 2020

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of JK Talabot Limited on the financial statements for the year ended March 31, 2020

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Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of JK Talabot Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 system with reference to financial statements.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of JK Talabot Limited on the financial statements for the year ended March 31, 2020

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Meaning of Internal Financial Controls with reference to financial statements

6. 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 includes 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.

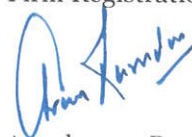
Inherent Limitations of Internal Financial Controls with reference to financial statements

7. 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 control 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.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Arunkumar Ramdas
Partner

Membership Number: 112433
UDIN: 20112433AAAAGK8176

Mumbai
June 24, 2020

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of JK Talabot Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The title deeds of immovable properties, as disclosed in Note 2(b) on Property, Plant and Equipment to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. 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 Act. Therefore, the provisions of Clause 3(iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made by it. There are no guarantees or security provided by the company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues of provident fund, income tax and goods and services tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues including employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 31 to the financial statements regarding management's assessment on certain matters relating to provident fund.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, duty of excise, which have not been deposited on account of any dispute. The particulars of dues of value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In lacs) (net of deposits)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax, 2002	Value Added Tax	46.34	2006-07	Maharashtra Sales Tax Tribunal



Price Waterhouse Chartered Accountants LLP

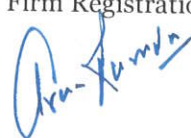
Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of JK Talabot Limited on the financial statements for the year ended March 31, 2020

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- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Further, the Company has not issued any debentures and hence the question of default does not arise.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid/ provided for managerial remuneration during the year. Accordingly, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company. Also refer paragraph 13 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him covered within the meaning of section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 01254N/N500016



Arunkumar Ramdas
Partner

Membership Number: 112433
UDIN: 20112433AAAAGK8176

Mumbai
June 24, 2020



JK Talabot Limited
Balance Sheet as at 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

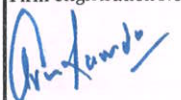
	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
I	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment	2(a)	669.97	622.57
	(b) Right-of-Use Assets	2(b)	16.31	-
	(c) Capital work-in-progress		71.03	83.08
	(d) Financial Assets			
	(i) Loans	3	2.58	2.58
	(e) Non Current Tax Assets (Net)		103.85	94.53
	(f) Other non - current assets	4	3.07	1.83
	Total Non-Current Assets		866.81	804.59
2	Current assets			
	(a) Inventories	5	145.56	103.45
	(b) Financial Assets			
	(i) Investments	6	134.47	276.65
	(ii) Trade receivables	7	434.02	488.07
	(iii) Cash and cash Equivalents	8	0.69	0.38
	(iv) Loans	9	1,300.00	1,000.00
	(v) Other Financial Assets	10	19.97	-
	(c) Other current assets	11	45.35	35.77
	Total Current Assets		2,080.06	1,904.32
	TOTAL ASSETS		2,946.87	2,708.91
II	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	12	805.44	805.44
	(b) Other equity	13	1,822.43	1,595.04
	TOTAL EQUITY		2,627.87	2,400.48
2	LIABILITIES			
	Non-current liabilities			
	(a) Deferred tax liabilities (Net)	27	3.34	16.86
	Total Non-Current Liabilities		3.34	16.86
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowing	14	12.76	10.35
	(ii) Trade payables	15		
	(a) total outstanding of micro and small enterprises		2.73	-
	(a) total outstanding other than (ii) (a) above		159.46	162.10
	(iii) Other financial liabilities	16	82.40	76.00
	(b) Provisions	17	46.22	35.32
	(c) Other current liabilities	18	12.09	7.80
	Total Current Liabilities		315.66	291.57
	TOTAL LIABILITIES		319.00	308.43
	TOTAL EQUITY AND LIABILITIES		2,946.87	2,708.91

The accompanying notes (1 to 40) are an integral part of financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016



Arunkumar Ramdas
Partner
Membership Number - 112433
Date: June 24, 2020




Ganesh Kumar Subramanian
Director
DIN: 00088163



Srinivasan Ganapathy
Director
DIN: 07379783

Mumbai
Date: June 24, 2020

Mumbai
Date: June 24, 2020



Archana Panchal
Company Secretary

J K Talbot Limited
Statement of Profit and Loss for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

	Particulars	Note	Year ended 31st March, 2020	Year ended 31st March, 2019
I	Revenue from Operations	19	2,326.53	2,506.42
II	Other Income	20	95.69	105.11
III	Total Income (I + II)		2,422.22	2,611.53
IV	Expenses			
	Cost of materials consumed	21	615.40	707.82
	Changes in inventories of work-in progress and finished goods	22	(20.21)	41.72
	Employee benefits expense	23	616.00	589.95
	Finance costs	24	12.63	4.07
	Depreciation and amortization expense	25	57.61	118.76
	Other expenses	26		
	(a) Manufacturing and operating costs		736.94	733.25
	(b) Other expenses		115.44	117.44
	Total expenses (IV)		2,133.81	2,313.01
V	Profit before tax (III - IV)		288.41	298.52
VI	Tax expense	27		
	Current tax		71.94	88.36
	Deferred tax		(13.52)	(0.44)
	Total Tax expenses (VI)		58.42	87.92
VII	Profit for the year (V - VI)		229.99	210.60
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of net defined benefit plans	28	3.46	(1.76)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Remeasurements of net defined benefit plans	27	(0.86)	0.51
	Other Comprehensive Income for the year		(2.60)	1.25
IX	Total Comprehensive Income for the year (VII + VIII)		227.39	211.85
X	Earnings per equity share of Rs. 10 each :	29		
	Basic & Diluted			
	Basic & Diluted (in Rs.)		2.86	2.61
	Significant Accounting Policies	1		

The accompanying notes (1 to 40) are an integral part of financial statements

As per our report of even date

For and on behalf of the Board of Directors

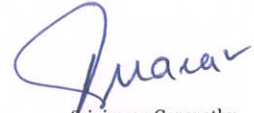
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Arunkumar Ramdas
Partner
Membership Number - 112433



Ganesh Kumar Subramanian
Director
DIN: 00088163



Srinivasan Ganapathy
Director
DIN: 07379783



Archana Panchal
Company Secretary

Mumbai
Date: June 24, 2020

Mumbai
Date: June 24, 2020

J K Talabot Limited
Statement of Changes in Equity for the year ended 31st March, 2020
 (All amounts are in Rs. lakhs, unless stated otherwise)

A. EQUITY SHARE CAPITAL

Particulars	Amount
Balance as at 1st April, 2018	805.44
Changes in Equity Share Capital during the year	-
Balance as at 31st March, 2019	805.44
Changes in Equity Share Capital during the year	-
Balance as at 31st March, 2020	805.44

B. Other Equity

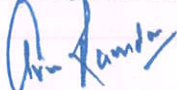
Particulars	Reserves and Surplus
	Retained Earnings
Balance as at 1st April, 2018	1,383.19
Profit for the year	210.60
Other Comprehensive Income for the year (Net of Tax)	1.25
Total Comprehensive Income for the year	211.85
Balance as at 31st March, 2019	1,595.04
Profit for the year	229.99
Other Comprehensive Income for the year (Net of Tax)	(2.60)
Total Comprehensive Income for the year	227.39
Balance as at 31st March, 2020	1,822.43

The accompanying notes (1 to 40) are an integral part of financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

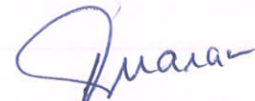
For Price Waterhouse Chartered Accountants LLP
 Firm Registration No. 012754N/N500016



Arunkumar Ramdas
 Partner
 Membership Number - 112433



Ganesh Kumar Subramanian
 Director
 DIN: 00088163



Srinivasan Ganapathy
 Director
 DIN: 07379783



Archana Panchal
 Company Secretary

Mumbai
 Date: June 24, 2020

Mumbai
 Date: June 24, 2020

Statement of Cash Flow for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
A. Cash Flow from Operating Activities				
Profit before tax as per statement of profit and loss		288.41		298.52
Adjustment for:				
Depreciation	57.61		118.76	
Net (gain) / loss on disposal of property, plant and equipment	3.71		(0.04)	
Interest income	(108.73)		(83.37)	
Net gain / (loss) / on sale of investments	10.82		(1.65)	
Net gain / (loss) on Fair valuation of investments through profit and loss	6.36		(20.04)	
Unrealised (Loss)/Gain on foreign exchange fluctuations	(2.97)		2.57	
Re-measurements of net defined benefit plans	(3.46)		1.76	
Finance Costs	12.63	(24.03)	4.07	22.06
Operating Profit Before Working Capital Changes		264.38		320.58
Adjustment for:				
(Increase) / Decrease in Inventories	(42.11)		36.22	
Decrease / (Increase) in Trade and Other Receivables	26.22		(273.42)	
Increase in Trade Payables and Other Current Liabilities	10.80		68.54	
Increase / (Decrease) in Provision	10.90		(11.48)	
		5.81		(180.14)
Cash generated from Operations		270.19		140.44
Less: Direct Taxes Paid (net of refunds)		(80.40)		(106.43)
Net cash flows generated from operating activities		189.79		34.01
B. Cash Flow from Investing Activities				
In flows				
Proceeds from sale of current investments		125.00		1,000.00
Interest received		108.73		83.37
Sale proceeds of property, plant & equipment		0.01		0.12
		233.74		1,083.49
Outflows				
Loans provided to related party		(300.00)		(1,000.00)
Purchase of property, plant & equipment		(112.99)		(124.92)
		(412.99)		(1,124.92)
Net cash (used in) investing activities		(179.25)		(41.43)
C. Cash Flow from Financing Activities				
Outflows				
Interest Paid		(12.63)		(4.07)
Short term borrowing net		2.40		10.35
Net cash (used in)/generated from financing activities		(10.23)		6.28
Net Increase in Cash and Cash Equivalents (A+B+C)		0.31		(1.14)
Add: Cash and Cash Equivalents at the beginning of the financial Year		0.38		1.52
Cash and Cash Equivalents as at the end of the Year		0.69		0.38

Reconciliation of Cash and Cash Equivalents as per Cash Flow Statement	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash and Cash Equivalent as per above comprise of the following		
Cash and Cash Equivalent (Refer note 8)	0.69	0.38
Balance as per Statement of Cash Flows	0.69	0.38

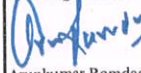
Note

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cashflows.


The accompanying notes (1 to 40) are an integral part of financial statements

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016


Arunkumar Ramdas
Partner
Membership Number - 112433

For and on behalf of the Board of Directors


Ganesh Kumar Subramanian
Director
DIN: 00088163


Shanivasan Ganapathy
Director
DIN: 07379783


Archana Panchal
Company Secretary

Mumbai
Date: June 24, 2020

Mumbai
Date: June 24, 2020

1(a) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

I. Background and Operations

JK Talabot Limited incorporated in India having registered office at Mumbai and Manufacturing facility at Chiplun. The Company is a leading Engineering tools Company.

II. Significant accounting policies

(a) Basis of preparation of Financial Statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statement.

(ii) Historical cost convention

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

- 1) certain financial assets and liabilities that is measured at fair value;
- 2) defined benefit plans - plan assets measured at fair value;

(iii) New and amended standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- Ind AS 116, Leases
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes

The company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in note 38. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the (company's normal operating cycle (twelve months) and other criteria set out in the Schedule III (Division II) to the Act.

(v) Rounding of amounts

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

(b) Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(c) Property, plant and equipment

All items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation methods, estimated useful lives and residual value

Depreciation on Factory Buildings and Plant and Equipment is provided on a Straight Line Method and in case of other assets on Written Down Value Method, net of their residual values, over the estimated useful lives of assets. Leasehold land is amortised over the period of lease.

The company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Act, and management believe that useful lives of assets are same as those prescribed in schedule II of the Act, except for plant and machinery, useful life for which is based on an independent technical evaluation has been estimated as 24 years from the date of acquisition (on a single shift basis), which is different from that prescribed in Schedule II of the Act.

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

(d) Lease

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for Land. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. On adoption of Ind AS 116, the Company has reclassified leasehold land presented under Property, Plant and Equipment to Right-of-use asset and lease payments have been classified as financing cash flows.



(e) Segment Reporting:

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

(f) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Inventories

Inventories of Raw Materials, Goods in transit, Work-in-Progress, Stores and spares and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'Weighted Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

(h) Investments and other financial assets

(i) Classification

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

* those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and

* those measured at amortised cost.

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

(ii) Measurement

At initial recognition, the company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

* **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

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

* **Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. Interest income from these financial assets is included in other income.

(iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method.

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.



(i) Provisions and contingent liabilities

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

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

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events.

A contingent asset are disclosed in respect of possible asset that arise from past event and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events.

(j) Revenue recognition

Revenue with Contracts with Customers

Sales are recognised when the control of the goods has transferred when the goods are delivered to customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, risk of obsolescence and loss have been transfer to customer and the Company has objective evidence that all criteria for the acceptance have been satisfied.

Other operating revenue - Export incentives

Export Incentives under the, "Duty Draw back Scheme", "Merchandise Export from India Scheme" etc. is accounted in the year of export.

(k) Employee benefits

(i) Post-employment obligations

Gratuity obligations

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

The net interest cost is calculated by actuary applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments as calculated by actuary are recognised immediately in the Statement of Profit and Loss as past service cost.

Defined Contribution Plans

Defined Contribution Plans such as Provident Fund etc., are charged to the Statement of Profit and Loss as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the company recognises costs for are structuring that is within the scope of Ind AS37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(i) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. An actuarial valuation is obtained at the end of reporting period. The present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.



(l) Foreign currency transactions

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

(m) Income tax

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

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

(n) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

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

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

(o) Manufacturing and operating Expenses :

The Company classifies separately manufacturing and operating expenses which are directly linked to manufacturing activities of the company.

(p) Impairment of non-financial assets:

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



(b) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement is:

- Estimation of Defined benefit obligation (Refer Note 28).



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note-2(a) Property, Plant and Equipment

	Leasehold Land	Buildings	Plant & Equipment	Furniture & fixtures	Vehicles	Office equipment	Computers	Total
Gross carrying Amount								
Balance as at 1st April, 2018	17.26	336.48	701.33	2.26	1.55	2.78	4.49	1,066.15
Additions	-	-	62.72	-	-	2.86	0.75	66.33
Disposals	-	-	-	-	-	-	0.08	0.08
Balance as at 31st March, 2019	17.26	336.48	764.05	2.26	1.55	5.64	5.16	1,132.40
Adjustment for change in accounting policy (Refer note 38)	(17.26)	-	-	-	-	-	-	(17.26)
Additions	-	30.49	94.30	-	-	0.25	-	125.04
Disposals	-	3.96	-	-	-	-	-	3.96
Balance as at 31st March, 2020	-	363.01	858.35	2.26	1.55	5.89	5.16	1,236.22
Accumulated Depreciation								
Balance as at 1st April, 2018	0.57	44.27	340.16	1.04	1.05	0.84	3.14	391.07
Additions	0.19	14.46	103.20	0.20	0.16	0.19	0.36	118.76
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	0.76	58.73	443.36	1.24	1.21	1.03	3.50	509.83
Adjustment for change in accounting policy (Refer note 38)	(0.76)	-	-	-	-	-	-	(0.76)
Additions	-	15.16	40.71	0.15	0.11	1.29	-	57.42
Disposals	-	0.24	-	-	-	-	-	0.24
Balance as at 31st March, 2020	-	73.65	484.07	1.39	1.32	2.32	3.50	566.25
Net carrying amount								
Balance as at 31st March, 2019	16.50	277.75	320.69	1.02	0.34	4.61	1.66	622.57
Balance as at 31st March, 2020	-	289.36	374.28	0.87	0.23	3.57	1.66	669.97

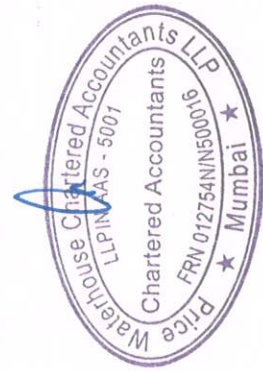
NOTE:

- 1) Refer note 30 for information on Property Plant and Equipment pledged as security by the company.
- 2) Leased assets

As at 31 March 2019, Leasehold Land included the following amounts

	31 March 2019
Leasehold Land	
Cost	17.26
Accumulated depreciation	(0.76)
Net carrying amount	16.50

Pursuant to the adoption of Ind AS 116, leased assets are presented as a separate line item in the balance sheet as at 31 March 2020, see note 2(b). Refer to note 38 for details about the changes in accounting policy.



JK Talabot Limited**Notes to the financial statements for the year ended 31st March, 2020**
(All amounts are in Rs. lakhs, unless stated otherwise)**Note 2(b)- Leases****(i) Amounts recognised in balance sheet**

The balance sheet shows the following amounts relating to leases:

Particulars	As at 31st March, 2020	1 April 2019*
Right-of-use assets		
Lease hold Land	16.31	16.50
Total	16.31	16.50

*On adoption of Ind AS 116, the Company has reclassified leasehold land classified under Property, Plant and Equipment to Right-of-use asset.

Lease liabilities:

Lease liabilities: In case of leasehold land, upfront lease premium had been paid at the time of execution of the lease deed, hence there are no future lease liabilities.

(ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

Particulars	Note	Year ended 31st March, 2020
Depreciation charge of right-of-use assets		
Lease hold Land		0.19
Total	25	0.19



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note-3	Loans	As at 31st March, 2020	As at 31st March, 2019
	Security Deposits	2.58	2.58
	Total	2.58	2.58
	Break-up of security details		
		As at 31st March, 2020	As at 31st March, 2019
	Loans considered good - Secured	-	-
	Loans considered good - Unsecured	2.58	2.58
	Loans which have significant increase in credit risk	-	-
	Loans credit impaired	-	-
	Total	2.58	2.58
	Loss allowance	-	-
	Total Loans	2.58	2.58
Note-4	Other non - current assets	As at 31st March, 2020	As at 31st March, 2019
	Balances with Government Authorities	1.83	1.83
	Capital advances	1.24	-
	Total	3.07	1.83
Note-5	Inventories (Cost or Net Realisable Value, whichever is lower)	As at 31st March, 2020	As at 31st March, 2019
	Raw Materials	60.28	40.64
	Work-in-progress	55.41	31.99
	Finished goods	7.11	10.32
	Stores and Spares	22.76	20.50
	Total	145.56	103.45
	Inventory write downs / write back are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-down of inventories amounted to Rs 1.15 Lakhs during year (Previous year write back Rs 10.09 lakhs). These write downs / write back were recognised as expenses / income and included in 'Raw material consumed', 'changes in value of inventories of finished goods, stock-in-trade and work-in-progress' and 'consumption of stores and spares' in the statement of Profit and Loss.		
Note-6	Current investments	As at 31st March, 2020	As at 31st March, 2019
	Investments in Mutual Fund		
	Unquoted		
	5,412.5550 (31st March, 2019 : 10,632.175) Units of UTI Treasury Advantage Fund Growth Plan	134.47	276.65
	Total	134.47	276.65
	Aggregate amount of Unquoted Investment	134.47	276.65
	Refer Note - 32 and 33 for information about Fair value measurement, credit risk and market risk of investments.		
Note-7	Trade receivables	As at 31st March, 2020	As at 31st March, 2019
	Unsecured, considered good		
	Trade Receivables		
	-Receivable from related parties (Refer note 35)	434.02	488.07
	Total	434.02	488.07
	Refer Note - 33 for information about credit risk and market risk of trade receivables.		
Note-8	Cash and cash equivalents	As at 31st March, 2020	As at 31st March, 2019
	Cash on hand	0.26	0.14
	Balances with Banks		
	-In current accounts	0.43	0.24
	Total	0.69	0.38



J K Talabot Limited

Notes to the financial statements for the year ended 31st March, 2020

(All amounts are in Rs. lakhs, unless stated otherwise)

Note-9	Loans (Unsecured, considered good)	<u>As at 31st March, 2020</u>	<u>As at 31st March, 2019</u>
	Loans to related parties (Refer Note 35)	1,300.00	1,000.00
	Total	<u>1,300.00</u>	<u>1,000.00</u>
	Refer Note - 33 for information about credit and market risk for loans		
Note-10	Other Financial Assets	<u>As at 31st March, 2020</u>	<u>As at 31st March, 2019</u>
	Interest Accrued but not Due (Refer Note 35)	19.97	-
		<u>19.97</u>	<u>-</u>
Note-11	Other current assets	<u>As at 31st March, 2020</u>	<u>As at 31st March, 2019</u>
	Export benefit receivables	10.83	8.23
	GST Receivable	24.67	20.52
	Advances to Suppliers	1.04	0.04
	Prepaid expenses	7.93	6.98
	Other advances	0.88	-
	Total	<u>45.35</u>	<u>35.77</u>



Note-12-Equity Share capital

	As at 31st March, 2020	As at 31st March, 2019
Authorised		
1,00,00,000 [31st March, 2019: 1,00,00,000] Equity Shares of Rs. 10 each	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and fully paid up		
80,54,372 [31st March, 2019: 80,54,372] Equity Shares of Rs. 10 each	805.44	805.44
	805.44	805.44

a) Reconciliation of number of shares

	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity Shares :				
Balance as at the beginning of the year	80,54,372	805.44	80,54,372	805.44
Balance as at the end of the year	80,54,372	805.44	80,54,372	805.44

b) Right, Preference and Restrictions attached to Equity Shares:

The Company has only one class of equity shares having par value of Rs.10 per share. Each Shareholder is entitled to one vote per share. In the event of liquidation of the Company the holder of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential payments. However, no such preferential amount exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares of the company held by holding company

	As at 31st March, 2020	As at 31st March, 2019
JK Files (India) Limited, India (Holding Company) (in Nos.)	72,48,936	72,48,936

d) Details of equity shares held by shareholders holding more than 5% shares in the Company

NAME OF SHAREHOLDERS	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% of Holding	Number of shares	% of Holding
JK Files (India) Limited, India	72,48,936	90%	72,48,936	90%
MOB Mondellin SAS, France	8,05,436	10%	8,05,436	10%



JKTalabot Limited

Notes to the financial statements for the year ended 31st March, 2020

(All amounts are in Rs. lakhs, unless stated otherwise)

Note 13 Other Equity

	Reserves and Surplus
	Retained Earnings
Balance as at 1st April, 2018	1,383.19
Profit for the year	210.60
Other Comprehensive Income for the year (Net of Tax)	1.25
Total Comprehensive Income for the year	211.85
Balance as at 31st March, 2019	1,595.04
Profit for the year	229.99
Other Comprehensive Income for the year (Net of Tax)	(2.60)
Total Comprehensive Income for the year	227.39
Balance as at 31st March, 2020	1,822.43



Note-14 - Current Borrowings

	As at 31st March, 2020	As at 31st March, 2019
Secured		
Loans repayable on demand		
From Banks		
Cash Credit	12.76	10.35
Total	12.76	10.35

For assets pledged as Security-Refer Note -30

	As at 31st March, 2020	As at 31st March, 2019
Net debt reconciliation		
Cash and cash equivalents	(0.69)	(0.38)
Liquid investments	(134.47)	(276.65)
Current Borrowings	12.76	10.35
Net debt	(122.40)	(266.68)

	Cash and Cash equivalents	Liquid investments	Current borrowings	Total
Net Debt as at April 01, 2018	1.52	1,254.97	-	(1,256.49)
Cash flows	(1.14)	(1,000.01)	10.35	1,011.50
Fair value Adjustments	-	21.69	-	(21.69)
Interest expense	-	-	4.07	4.07
Interest paid	-	-	(4.07)	(4.07)
Net Debt as at March 31, 2019	0.38	276.65	10.35	(266.68)
Cash flows	0.31	(125.00)	2.41	127.10
Fair value Adjustments	-	(17.18)	-	17.18
Interest expense	-	-	12.47	12.47
Interest paid	-	-	(12.47)	(12.47)
Net Debt as at March 31, 2020	0.69	134.47	12.76	(122.40)

Note-15 Trade payables

	As at 31st March, 2020	As at 31st March, 2019
Trade payables (Refer Note below)		
Micro and small enterprises	2.73	-
Others	157.69	162.10
Related parties	1.77	-
Total	162.19	162.10

Refer Note-33 for information about liquidity risk and market risk of trade payables.

Note :

DUES TO MICRO AND SMALL ENTERPRISES

The Company has no dues to suppliers under Micro, small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosure pursuant to the said MSMED Act are as follows.

	As at 31st March, 2020	As at 31st March, 2019
Principal amount due to suppliers registered under MSME Act and remaining unpaid as at year end	2.73	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	-	-
Principal Amounts paid to suppliers registered under the MSMED Act, beyond the appointed date during the year	-	-
Interest paid, other than under section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed date during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payment already made	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year)	-	-



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
 (All amounts are in Rs. lakhs, unless stated otherwise)

Note-16 - Other current financial liabilities

	As at 31st March, 2020	As at 31st March, 2019
Employee Benefits Payable	71.50	70.72
Capital Goods Payable	0.45	-
Other payables	10.45	5.28
Total	82.40	76.00

Refer Note-33 for information about liquidity risk and market risk of financial liabilities.

Note-17 Provisions

	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits (Refer note -28)		
-Gratuity	16.98	10.42
-Compensated absences	29.24	24.90
Total	46.22	35.32

Note-18 - Other Current liabilities

	As at 31st March, 2020	As at 31st March, 2019
Contract Liabilities (Refer note -37)	2.64	1.14
Statutory Dues payable	9.45	6.66
Total	12.09	7.80



Note-19	Revenue from Operations	Year ended 31st March, 2020	Year ended 31st March, 2019
	Revenue from Contract with Customers (Sale of Products)		
	(i) Manufactured goods - Domestic	1,999.11	2,109.14
	(ii) Manufactured goods - Export	281.85	329.60
	Other operating revenue		
	(i) Export Incentives	19.04	24.03
	(ii) Process waste sale	26.53	43.65
	Total	2,326.53	2,506.42
Note-20	Other income	Year ended 31st March, 2020	Year ended 31st March, 2019
	Interest income	108.73	83.37
	Net gain / (loss) / on sale of investments	(10.82)	1.65
	Net gain / (loss) on Fair valuation of investments through profit and loss	(6.36)	20.04
	Miscellaneous Income	4.14	0.05
	Total	95.69	105.11
Note-21	Cost of materials consumed	Year ended 31st March, 2020	Year ended 31st March, 2019
	Raw material at the beginning of the year	40.64	31.06
	Purchases	635.04	717.40
	Less : Raw material at the end of the year	60.28	40.64
	Total	615.40	707.82
Note-22	Changes in inventories of work-in-progress and finished goods	Year ended 31st March, 2020	Year ended 31st March, 2019
	Opening inventories		
	Work-in-progress	31.99	73.79
	Finished goods	10.32	10.24
		42.31	84.03
	Closing inventories		
	Work-in-progress	55.41	31.99
	Finished goods	7.11	10.32
		62.52	42.31
	Total	(20.21)	41.72
Note-23	Employee benefits expense	Year ended 31st March, 2020	Year ended 31st March, 2019
	Salaries, wages, bonus etc	508.16	477.87
	Contribution to Gratuity Funds (Refer note -28)	13.52	14.18
	Contribution to provident funds and other funds (Refer note -28)	41.72	28.05
	Workmen and Staff welfare expenses	52.60	69.85
	Total	616.00	589.95



Note-24	Finance costs	Year ended 31st March, 2020	Year ended 31st March, 2019
	Interest expense	12.47	4.07
	Interest on shortfall of advance tax	0.16	-
	Total	12.63	4.07
Note-25	Depreciation and amortization expense	Year ended 31st March, 2020	Year ended 31st March, 2019
	Depreciation on property, plant and equipment	57.42	118.76
	Depreciation on Right to Use Asset (Refer note 38)	0.19	-
	Total	57.61	118.76
Note-26	(a) Manufacturing and Operating Costs	Year ended 31st March, 2020	Year ended 31st March, 2019
	Consumption of stores and spare parts	194.53	204.78
	Power and fuel	264.75	250.53
	Job work charges	95.60	113.15
	Repairs to buildings	16.87	17.59
	Repairs to machinery	41.45	48.14
	Payment to labour contractor	103.13	87.53
	Other Manufacturing and Operating expenses	20.61	11.53
	Total	736.94	733.25
Note-26	(b) Other expenses	Year ended 31st March, 2020	Year ended 31st March, 2019
	Insurance	6.74	7.62
	Repairs & Maintenance Others	7.04	7.02
	Rates and Taxes	6.46	1.24
	Advertisement Expenses	0.14	-
	Freight, Octroi, etc	4.91	6.54
	Legal and Professional Expenses	13.36	24.16
	IT outsourced Support Services	17.03	15.23
	Travelling & Conveyance	6.70	8.34
	Net (gain) / loss on disposal of property, plant and equipment	3.71	(0.04)
	Net (gain) / loss on foreign exchange fluctuations	(3.10)	(0.47)
	Security Charges	14.33	12.58
	Donations	1.00	-
	Miscellaneous Expenses	37.12	35.22
	Total	115.44	117.44
Note-26A	Details of Auditor's remuneration included in Legal and Professional expenses (net of credit of taxes)	Year ended 31st March, 2020	Year ended 31st March, 2019
	a. Audit Fees	2.00	2.00
	b Reimbursement of out-of-pocket expenses	0.10	0.10
	Total	2.10	2.10



JK Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note 27: Income Taxes

Tax expense recognised in the Statement of Profit and Loss

	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax		
Current tax on taxable income for the year	71.94	88.36
Total current tax	71.94	88.36
Deferred tax		
Deferred tax (credit)	(13.52)	(0.44)
Total deferred tax	(13.52)	(0.44)
Total tax expense	58.42	87.92

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	Year ended 31st March, 2020	Year ended 31st March, 2019
Reconciliation of effective tax rate		
Profit before tax	288.41	298.52
Enacted income tax rate in India	25.17%	27.82%
Tax Expense at enacted income tax rate	72.59	83.05
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent Disallowances	1.45	4.06
Effect of change in tax rate	(1.61)	0.81
Others	(14.01)	-
Tax Expense Recognised in Statement of Profit and Loss	58.42	87.92

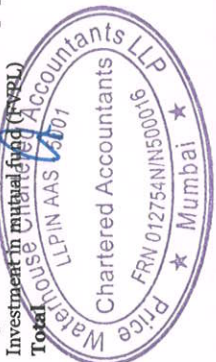
Consequent to reconciliation items shown above, the effective tax rate is 20.25% (2018-19: 29.45%)

The movement in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2020:

	As at 31st March, 2018	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2019	Credit/(charge) in statement of Profit and Loss	As at 31st March, 2020
Deferred tax assets on account of:						
Provision for employee benefits and employee benefits payable	11.46	(8.05)	(0.51)	2.90	14.59	17.49
Deferred tax (liabilities) on account of:						
Depreciation on Property, Plant and Equipment	(24.76)	10.58	-	(14.18)	(5.64)	(19.82)
Investment in mutual funds (FVPL)	(3.49)	(2.09)	-	(5.58)	4.57	(1.01)
Total	(16.79)	0.44	(0.51)	(16.86)	13.52	(3.34)

Waterhouse Chartered Accountants LLP
 Chartered Accountants
 FRN 012754N/50009
 Mumbai

JK TALABOT LIMITED



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note 28: Post retirement benefit plans

(i) Defined benefits plan - Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service, subject to a ceiling of Rs. 20 lakhs. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

As per Actuarial Valuation as on 31st March, 2020 and 31st March, 2020 amount recognised in the financial statements in respect of Employee Benefit Schemes:

A. Balance Sheet

	Gratuity	
	As at 31st March, 2020	As at 31st March, 2019
Present value of plan liabilities	(156.20)	(132.44)
Fair value of plan assets	139.22	122.02
(Deficit)/surplus of funded plans	(16.98)	(10.42)
Net plan liabilities	(16.98)	(10.42)

B. Movements in plan assets and plan liabilities

	As at 31st March, 2020		As at 31st March, 2019	
	Plan liabilities	Plan Assets	Plan liabilities	Plan Assets
As at 1st April	(132.44)	122.02	(10.42)	90.97
Current service cost (including past service cost)	(12.71)	-	(12.71)	-
Return on plan assets excluding actual return on plan asset	-	(0.83)	(0.83)	(1.93)
Interest cost	(10.30)	-	(10.30)	(9.18)
Interest income	-	9.49	9.49	7.16
Actuarial gain/(loss) arising from changes in financial assumptions	(4.69)	-	(4.69)	(2.03)
Actuarial gain/(loss) arising from experience adjustments	2.06	-	2.06	5.72
Employer contributions	-	10.42	10.42	27.66
Benefit payments	1.88	(1.88)	-	1.84
As at 31st March	(156.20)	139.22	(16.98)	122.02
				(25.66)
				(12.16)
				(1.93)
				(9.18)
				7.16
				(2.03)
				5.72
				27.66
				(1.84)
				122.02
				(10.42)

The liabilities are split between different categories of plan participants as follows:

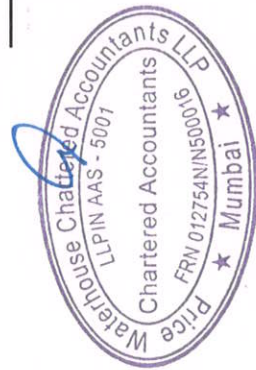
- Active members - 182 (2018-19: 186)
- Deferred members - Nil (2018-19: Nil)
- Retired members - Nil (2018-19: Nil)

The weighted average duration of the defined benefit plans is 19 years (2018-19 : 20 years)

C. The Company expects to contribute Rs 24.78 lakh to the funded plans in financial year 2020-21 (2019-20: Rs 23.12 lakh) for gratuity

D. Statement of Profit and Loss

	Year ended 31st March, 2020		Year ended 31st March, 2019	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Employee Benefit Expenses:				
Current service cost (including past service cost)	12.71	12.16	12.71	12.16
Interest cost	0.81	2.02	0.81	2.02
Net impact on the Profit / (Loss) before tax	13.52	14.18	13.52	14.18



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Remeasurement of the net defined benefit liability:
Return on plan assets excluding actual return on plan asset (1.93)
Actuarial loss arising from changes in financial assumptions (2.03)
Experience gains/(losses) arising on experience adjustments 5.72

Net impact on the Other Comprehensive Income before tax 3.46 (1.76)

E. Assets

Gratuity	
As at 31st March, 2020	As at 31st March, 2019
139.22	122.02
Total	139.22
	122.02

F. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date. The significant actuarial assumptions were as follows:

Financial Assumptions

Discount rate 6.82%
Salary Escalation Rate 4%-6%
Attrition rate 2.00%

Demographic Assumptions

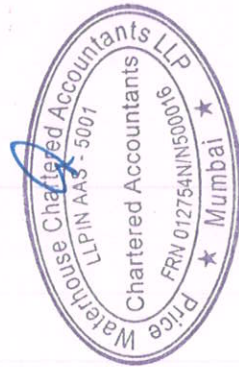
Mortality in Service : Indian Assured Lives Mortality (2006-08) Ultimate table.

G. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Change in assumption	As at 31st March, 2020		As at 31st March, 2019	
	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability	Increase in assumption having an impact on present value of plan liability	Decrease in assumption having an impact on present value of plan liability
1%	(24.33)	30.28	(20.44)	25.50
1%	30.00	(23.28)	25.32	25.32
1%	(1.64)	1.96	0.70	(0.82)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected unit credit method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.



H. The defined benefit obligations shall mature after year end 31st March, 2020 as follows:

Gratuity :	As at	
	31st March, 2020	31st March, 2019
2020	-	3.90
2021	4.48	3.07
2022	3.29	3.26
2023	3.33	3.45
2024	3.44	3.65
2025	3.65	-
Thereafter	587.24	624.19

Risk Exposure - Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

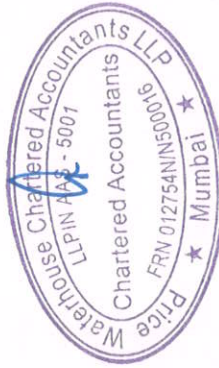
(ii). Compensated absences

The leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of Rs. 29.24 lakhs (31st March, 2019 - Rs. 24.90 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

(iii). Defined contribution plans

The Company also has certain defined contribution plans. Contributions are made to provident fund etc. in India for employees. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 41.72 lakhs (31st March, 2019 - Rs. 28.05 lakhs).



Note-29 : Earnings per share

		Year ended 31st March, 2020	Year ended 31st March, 2019
Basic & Diluted			
Profit for the year	A	229.99	210.60
Weighted average number of shares (in numbers)	B	80,54,372	80,54,372
Basic& diluted earning per share (Rs.)	A/B	2.86	2.61
Nominal value per equity share (in Rs.)		10.00	10.00

Note-30 : Assets given as security

The carrying amounts of assets provided as security for current borrowings against Limit sanctioned are:

	As at 31st March, 2020	As at 31st March, 2019
Current Assets		
First Charge		
Inventories	145.56	103.45
Trade receivables	72.32	74.96
Total Current assets given as security	217.88	178.41
Second Charge		
Property, Plant & Equipment	669.97	622.57
Total Non-Current Assets given as Security	669.97	622.57
Total Assets given as security	887.85	800.98

Note 31: Contingent liabilities (to the extent not provided for)

	As at 31st March, 2020	As at 31st March, 2019
Contingent Liabilities		
Claims against the Company not acknowledged as debts in respect of:		
Indirect tax matters		
- Sales tax	48.15	48.15

Other Matter

The Supreme Court of India, through a ruling in February 2019, provided guidelines for interpreting the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. There is significant uncertainty and ambiguity in interpreting and giving effect to the guidelines of Supreme Court. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the Supreme Court Order. The Company will evaluate its position and act as clarity emerges on impact of the ruling.

The amounts shown in respect of above items represent the best possible estimates arrived at on the basis of available information. The uncertainties are dependent on the outcome of the different legal processes. The timing of future cash flows will be determinable only on receipt of judgements / decisions pending with various forums / authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.



Note-32 : Fair Value measurement

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair value.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

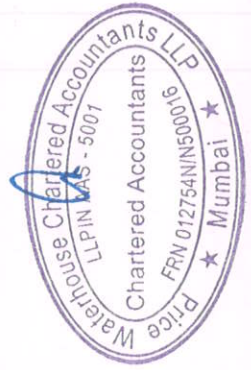
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial Assets and Liabilities as at 31st March, 2020	Routed through P & L			Routed through OCI			Carrying at amortised cost			Total Amount	
	Non Current	Current	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2		Level 3
Financial Assets											
Investments	-	134.47	134.47	-	134.47	-	134.47	-	-	-	134.47
Loans	-	1,300.00	1,300.00	-	-	-	-	-	-	1,300.00	1,300.00
Other Financial Assets	-	19.97	22.55	-	-	-	-	-	-	22.55	22.55
Trade receivable	-	434.02	434.02	-	-	-	-	-	-	434.02	434.02
Cash and Cash Equivalents	-	0.69	0.69	-	-	-	-	-	-	0.69	0.69
	2.58	1,889.15	1,891.73	-	134.47	-	134.47	-	-	1,757.26	1,891.73
Financial Liabilities											
Borrowings	-	12.76	12.76	-	-	-	-	-	-	12.76	12.76
Trade Payables	-	162.19	162.19	-	-	-	-	-	-	162.19	162.19
Other financial liabilities	-	82.40	82.40	-	-	-	-	-	-	82.40	82.40
	-	257.35	257.35	-	-	-	-	-	-	257.34	257.35

Financial Assets and Liabilities as at 31st March, 2019	Routed through P & L			Routed through OCI			Carrying at amortised cost			Total Amount	
	Non Current	Current	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2		Level 3
Financial Assets											
Investments	-	276.65	276.65	-	276.65	-	276.65	-	-	-	276.65
Loans	-	1,000.00	1,000.00	-	-	-	-	-	-	1,000.00	1,000.00
Other Financial Assets	-	2.58	2.58	-	-	-	-	-	-	2.58	2.58
Trade receivable	-	488.07	488.07	-	-	-	-	-	-	488.07	488.07
Cash and Cash Equivalents	-	0.38	0.38	-	-	-	-	-	-	0.38	0.38
	2.58	1,765.10	1,767.68	-	276.65	-	276.65	-	-	1,491.03	1,767.68
Financial Liabilities											
Borrowings	-	10.35	10.35	-	-	-	-	-	-	10.35	10.35
Trade Payables	-	162.10	162.10	-	-	-	-	-	-	162.10	162.10
Other financial liabilities	-	76.00	76.00	-	-	-	-	-	-	76.00	76.00
	-	248.45	248.45	-	-	-	-	-	-	248.45	248.45

Note:- Financial assets and Financial liabilities, considering the nature of rights and obligations with relevant terms including receivable/payable within 12 months from the reporting date, fair value is reasonable considered to be carrying amount as at reporting date and it includes

- Trade receivables
- Cash and cash equivalents
- Other financial assets
- Loans
- Trade Payables
- Other financial liabilities



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note-33 : Financial Risk Management

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury departments, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommend risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies.

Market Risk- Foreign currency risk.

The Company operates internationally and portion of the business is transacted in foreign currency and consequently the Company is exposed to foreign exchange risk through its sales in overseas.

As of the Balance Sheet date, the company's net foreign currency exposures that are not hedged by a derivative instrument or otherwise is Euro 0.09 million (31st March, 2019: Euro 0.10 million) and corresponding equivalent amount in INR -Rs 72.32 lakhs (31st March, 2019: Rs 74.96 lakhs)

Foreign Currency Risk Sensitivity

A change of 1% in Foreign currency would have following Impact on profit before tax

	2019-2020		2018-2019	
	1% Increase	1% decrease	1% Increase	1% decrease
EURO	0.69	(0.69)	0.78	(0.78)
Increase / (decrease) in profit or loss	0.69	(0.69)	0.78	(0.78)

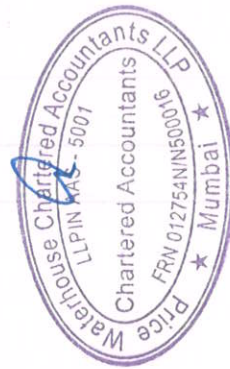
Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assess financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the company. Where loans or receivables have been provided, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in statement of profit and loss.



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note-33 : Financial Risk Management

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no provision is considered.

Ageing of Account receivables

	As at 31st March, 2020	As at 31st March, 2019
Not due	236.54	408.86
0-3 months	197.48	79.21
3-6 months	-	-
6 months to 12 months	-	-
beyond 12 months	-	-
Total	434.02	488.07

Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time, or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(i) Financing arrangements

The company had access to following undrawn Borrowing facilities at end of reporting period:

	As at 31st March, 2020	As at 31st March, 2019
Floating rate	187.24	189.65
Expiring within one year (Cash credit facility)	187.24	189.65
Total		

The bank cash credit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

Maturity patterns of other Financial Liabilities

	0-3 months	3-6 months	6 months to 12 months	beyond 12 months	Total
As at 31st March 2020					
Trade Payable	147.96	10.19	4.04	-	162.19
Employee benefits payable	29.81	-	41.69	-	71.50
Total	177.77	10.19	45.73	-	233.69
As at 31st March 2019					
Trade Payable	153.84	5.27	2.99	-	162.10
Employee benefits payable	28.50	-	47.50	-	76.00
Total	182.34	5.27	50.49	-	238.10



J K Talabot Limited

Notes to the financial statements for the year ended 31st March, 2020

(All amounts are in Rs. lakhs, unless stated otherwise)

Note-34 : Capital risk management

(a) Risk Management

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

(b) Dividend

The Company has not paid any dividend for the current year as well as previous year.



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in Rs. lakhs, unless stated otherwise)

Note 35 : Related parties disclosures as per Ind AS 24

1. Relationship

Related parties where control exists, irrespective of whether transaction has occurred or not:

- a. Ultimate Holding Company
i) Raymond Limited
b. Holding Company
i) J K Files (India) Limited

Other related parties with whom transactions have taken place during the period:

c. Fellow Subsidiary Companies with whom transactions have taken place during the period:

- i) Raymond Apparel Limited (RAL)
ii) Raymond UCO Denim Limited (R-UCO)

d. Other significant influence

- i) MOB Mondellin SAS, France

e. Key Management Personnel

- i) Non executive Director - Mr. Ganesh Kumar Subramanian
ii) Non executive Director - Mr. Arnaud Moulin
iii) Non executive Director - Mr. Srinivasan Subramanian Ganapathy

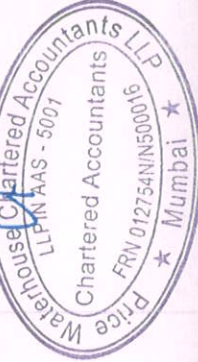
f. Trust

- i) J K Talabot Limited - Employees Gratuity Scheme (JKTL Trust)

Transactions carried out with related parties referred in i above:

Nature of Transactions	As at 31st March, 2020				As at 31st March, 2019							
	Raymond Ltd	J K Files (India) Ltd	MOB Mondellin SAS	RAL	R-UCO	JKTL Trust	Raymond Ltd	J K Files (India) Ltd	MOB Mondellin SAS	RAL	R-UCO	JKTL Trust
Sales:												
Sale of products	-	2,003.41	277.30	-	-	-	-	2,111.68	323.74	-	-	-
Sale of licences/Certificates	-	11.09	-	-	-	-	-	19.33	-	-	-	-
Purchases:-												
Purchase of property, plant and equipment	-	-	-	-	-	-	-	96.53	-	-	-	-
Purchase of raw material and stock-in-trade	-	631.93	-	-	-	-	-	700.37	-	-	-	-
Expenses:-												
Salaries, wages, bonus, etc	-	15.82	-	-	-	-	-	14.27	-	-	-	-
Legal and Professional Expenses	0.77	-	-	-	-	-	0.25	6.76	-	-	-	-
Workmen and Staff welfare expenses	2.32	-	-	-	-	-	2.03	-	-	-	-	-
Insurance	0.13	-	-	-	-	-	0.14	-	-	-	-	-
Miscellaneous Expenses	0.60	-	-	-	-	-	-	-	-	-	-	-
Other Transaction:-												
Inter Corporate loan Given *	-	-	-	300.00	1,750.00	-	-	-	-	3,000.00	-	-
Inter Corporate loan repayment received *	-	-	-	1,000.00	750.00	-	-	-	-	2,000.00	-	-
Inter Corporate loan Received*	-	750.00	-	-	-	-	-	-	-	-	-	-
Inter Corporate loan repaid *	-	750.00	-	-	-	-	-	-	-	-	-	-
Interest received on inter company loan	-	-	-	20.49	86.05	-	-	-	-	83.37	-	-
Interest expenses on inter company loan	-	8.03	-	-	-	-	-	-	-	-	-	-
Outstanding:-												
Trade Payable:	1.77	-	-	-	-	-	-	-	-	-	-	-
Interest Accrued but not due	-	-	-	5.72	14.25	-	-	-	-	-	-	-
Trade Receivables	-	361.71	72.31	-	-	-	-	413.11	74.96	-	-	-
ICD Loan Receivable *	-	-	-	300.00	1,000.00	-	-	-	-	1,000.00	-	-

* Inter corporate deposits were provided to group companies to meet their working capital requirements.



Note 36 : Segment Information

(i) The Company's business operations falls within a single primary business segment of 'Engineering, tools and related components'. Accordingly, the Company is single segment company in terms of its products.

(ii) Entity wide disclosure - Information in respect of geographical area is as under

	India		France		Rest of the world		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue *	2,044.68	2,176.82	277.30	323.74	4.55	5.86	2,326.53	2,506.42
Carrying cost of segment Non Current Assets **	864.23	802.01	-	-	-	-	864.23	802.01

* Based on location of Customers

** Excluding financial assets and tax assets

(iii) The Company deals with two parties JK Files (India) Limited and MOB Mondellin SAS, France who contribute majorly to the revenue. (Refer note 35)

Note 37 : Changes in Accounting Policy

Impact on the financial statements:

The Company had applied Ind AS 115 for the first time in FY 2018-19 by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the Company recognised the cumulative effect of the initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at April 1, 2018. The Comparative prior period has not been adjusted.

On April 1, 2019, the Company did not have contracts which requires such adjustment in the opening balance of retained earning.

Notes 38: Changes in accounting policy - Impact on the financial statements - Lease accounting

As indicated in note 1(a)(iii) above, the company has adopted Ind AS 116 retrospectively from 1 April 2019, but has not restated comparatives for year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 1(e).

On adoption of Ind AS 116, the Company has reclassified leasehold land presented under Property, Plant and Equipment to Right-of-use asset.

(i) Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- property, plant and equipment – decrease by Rs. 16.50 lakhs.

- right-of-use assets – increase by Rs. 16.50 lakhs.

The net impact on retained earnings on 1 April 2019 was INR NIL.



J K Talabot Limited
Notes to the financial statements for the year ended 31st March, 2020
(All amounts are in ₹s. lakhs, unless stated otherwise)

Note 39: Covid 19 Assessment

The ongoing corona pandemic is profoundly impacting people's health, societies and business operations around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chains, travel restrictions, quarantines, social distancing and other emergency measures.

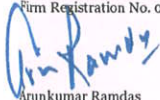
The Company is in the business of manufactures steel files and, a key supplier in tools and hardware supply chain market. Files are going to remain key and a top priority going forward as well. The Company's strong contingency plans are in place to secure operations and supply chain so that files manufacturing production continues, however considering the logistics challenges and low demand at customers' end during early phases of lockdown, the production was impacted in first two months, however with unlock phase being started, demand will improve in tandem with economic and industrial trends.

The Company has performed a detailed assessment of the situation and believes that no adjustments are required in the financial statements as it does not impact the current financial year; however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Note 40 : The Financial Statements were authorised for issue by the directors on June 24, 2020.

As per our attached report of even date

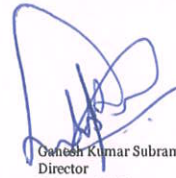
For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016



Arunkumar Ramdas
Partner
Membership Number - 112433
Date: June 24, 2020

Mumbai
Date: June 24, 2020

For and on behalf of the Board of Directors



Ganesh Kumar Subramanian
Director
DIN: 00088163



Sri Visvan Ganapathy
Director
DIN: 07379783



Archana Panchal
Company Secretary

Mumbai
Date: June 24, 2020

