MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS BACKGROUND AND UPDATE

Motherson Sumi Systems Limited (hereinafter called, MSSL or the Company), together with its subsidiaries is a leading global Tier 1 supplier of Wiring Harnesses, Vision Systems, Interior and Exterior Polymer Modules (including door trims, instrument panels and bumpers) to leading automotive original equipment manufacturers (OEMs) of the world. The Company is part of the "Motherson Group".

MSSL, incorporated in 1986 and listed in 1993, is listed at the Bombay Stock Exchange and National Stock Exchange of India, in India. The Company has an investor base of 325,656 shareholders as on 31st March 2020.

The Company has a presence in 41 countries and has over 220 facilities across 5 continents. The Company's business in India consists of designing, manufacturing and supplying wiring harness systems to domestic customers in India across segments viz. passenger cars, commercial vehicles, motorcycles/two-wheeler segments etc. The Company also exports harnesses to OEMs in Japan, Europe as well as Tier 1 OEM Suppliers (including Company's subsidiaries for mirrors business). Also, included in the portfolio is designing, development, manufacturing and supplying of interior and exterior modules as well as plastic components to OEMs in India. Rubber and metal parts are also manufactured and supplied to customers in India and exported to Europe.

The Company is a leading global supplier of wiring harnesses to diverse vehicle segments, namely commercial vehicles, off-road vehicles, rolling stock and recreational vehicles as well as in construction, forestry and agricultural equipment. The Company has 37 manufacturing facilities across 10 countries outside of India through its subsidiaries, PKC Group, Motherson Wiring Systems Inc. (MWSI) and other subsidiaries in Thailand, Mexico, U.K. and Sharjah (UAE), among others.

The Company's subsidiary, Samvardhana Motherson Automotive Systems Group BV (SMRP BV) business consists of Samvardhana Motherson Reflectec (referred to as SMR) and Samvardhana Motherson Peguform (referred to as SMP), Samvardhana Motherson Reydel Companies (referred to as SMRC- erstwhile Reydel Automotive Group acquired by SMRP BV from August 2018) and Samvardhana Motherson Innovative Autosystems (referred to as SMIA). SMRPBV' s companies are present in each major global automotive production region, with 69 production facilities spread across 24 countries. SMR is a specialist in rearview mirror systems as well as a pioneer in intelligent camera systems for automotive applications. SMP develops and manufactures plastic parts and highly integrated modules for the automotive industry. The Company is a specialist in cockpits, door panels, bumper modules and innovative plastic vehicle body parts. SMRC has full capability to design, develop and manufacture complete and functional modular interior systems. Its expertise in manufacturing, materials, design and styling helps in providing innovative, cost-and-weight-efficient products. SMIA is a complete source of profiles and moulded parts made of thermoplastics.

The Company through its other subsidiaries located globally also manufactures and supplies modules and polymer parts to its OEM and Tier 1 customers in South Africa and other parts of the world.

Impact of COVID- 19

With the outbreak of COVID– 19 pandemics at the beginning of Quarter 4 of FY 2019-20 in China and spreading to the rest of the world towards mid- March 2020, production facilities at our plants across the globe were halted in order to ensure the safety of our employees.

In China, the production volumes declined in the early months of Quarter 4 - FY 2019-20 but started to normalize towards the later part of March 2020 as the spread of the virus was contained in China. However, in other geographies, production levels started to decline by March 2020 and as a consequence, our results for the quarter ended March 31, 2020, were adversely affected.

We have been closely monitoring the situation and tracking various governments' response in respective countries to mitigate the impact on business activities as a result of the COVID-19 pandemic. Most of our plants have restarted production by the end of April / May 2020 and it is expected that operations will normalise gradually in line with customer schedules.

Keeping in perspective the changing environment since the onset of COVID-19, the Company has instituted many projects across the globe aimed at cost rationalisation, curtailing non-critical business investments and optimizing working capital to conserve cash and maintain liquidity for the business:

- Governments in various parts of the world have instituted employment protection schemes during the shutdown period where they are bearing a part of the employee costs. We have actively engaged with the governments on these schemes to reduce fixed costs during this period of non-production by implementing payroll flexibility measures.

- Monitoring all capital expenditure and aligning with customer launches.
- Reducing working capital by actively working with our customers
- Working closely with customers for realisation of receivables as well as with the supply chain for a smooth continuity of operations as lockdown restrictions are removed.
- Ensuring upkeep and maintenance of facilities during the lockdown period.

We continue to monitor the situation very closely and work towards getting stronger in this situation.

Automotive Industry

Indian Market:

Performance of Indian auto industry during the last three years is as follows:

Figures in thousand

Category	2017-18	2018-19	2019-20
Passenger Vehicles	4,020	4,029	3,434
Growth%	6%	0%	-15%
Commercial Vehicles	895	1,112	752
Growth%	11%	24%	-32%
Three Wheelers	1,022	1,269	1,134
Growth%	31%	24%	-11%
Two Wheelers	23,155	24,500	21,036
Growth%	16%	6%	-14%
Quadricycle	2	5	6
Growth%	8%	215%	13%
Grand Total	**29,094**	**30,915**	**26,362**

Source: SIAM Report

FY 2019-20 has been a challenging year and across segments, the automotive industry had negative growth due to transition to BS-VI emission norm from 1-4-2020. However, with the introduction of Bharat VI norms, the demand outlook is expected to look brighter as the situation gets normalized post-COVID-19.

GLOBAL INDUSTRY

Below table shows the vehicle production in last three years:

Vehicle Production: Region (in units)	2017-18	2018-19	2019-20
Europe	22,249,408	21,734,826	20,013,343
North America	16,915,672	16,814,621	15,870,358
South America	3,375,596	3,393,383	3,144,351
Asia (including India)	52,580,035	50,809,843	44,564,738
Total	**95,120,711**	**92,752,673**	**83,592,790**

Source: IHS

The global automotive industry encountered a challenging phase, with OEMs especially facing multiple obstacles all over the world. China faced its first-ever decline in vehicle sales in over 20 years, the USA market grew marginally, the shockwaves of Brexit and the new US-China trade war created anxiety in global markets. The end of FY 2019-20 was also affected by COVID 19 and hit a major part of the world.

China showed some improvement in the third quarter but the fourth quarter was halved due to lockdown.

COMMERCIAL VEHICLES

MSSL through its subsidiary PKC Group which caters to the requirement of customers in this segment is a leading player in designing, manufacturing and integrating electrical distribution systems, electronics and related components for commercial vehicles in Europe, America and China.

The below table shows the production of commercial vehicles in the main global markets during the last 3 financial years.

Production Units	2017-18	2018-19	2019-20
North America			
Heavy Duty Trucks	278,398	340,889	315,499
Medium Duty Trucks	261,178	285,568	276,264
Light Vehicles (Pick-up & SUV)	10,331,018	10,685,703	10,580,885
Europe			
Heavy Duty Trucks	412,558	429,020	362,492
Medium Duty Trucks	74,103	73,946	68,969
Brazil			
Heavy Duty Trucks	63,572	77,841	85,198
Medium Duty Trucks	25,888	26,309	22,589
China			
Heavy Duty Trucks	1,178,002	1,119,112	1,114,303
Medium Duty Trucks	235,708	161,468	133,927
Grand Total	**12,860,425**	**13,199,856**	**12,960,126**

Source: LMC Automotive

The global commercial vehicles market had a marginal de-growth of 1.8% during FY 2019-20 as compared to FY 2018-19.

The majority of the markets globally recorded strong growth during the first half of FY 2019-20 but growth levelled out during second half of FY 2019-20. Numbers were mainly affected by the impact of the outbreak of COVID-19 pandemic in Quarter 4 of FY 2019-20 which resulted in a halt in OEM production lines across geographies.

FINANCIAL PERFORMANCE - 2019-20

REVIEW OF PERFORMANCE

The Company has a diversified revenue base taking into consideration customers, geographies and products, and a global manufacturing footprint, which mitigates the risks arising out of business cyclicality, regulatory fallouts and technological obsolescence inherent in the automobile industry.

In the challenging environment of global auto scenario in FY 2019-20 as well as it being the last year of Vision 2020, the Company launched numerous projects for cost reduction, conservation of cash by reducing working capital as well as control on capital expenditures across the group. The results of these efforts are reflected in low debt levels, which are the lowest in the last 12 quarters as well as a steady performance of the business in the environment of lower offtake by OEMs. The reported performance for the current period was impacted by significant costs associated with the ramp-up of SMP's Greenfields plant at Tuscaloosa in USA and in Kecskemet, Hungary.

The financial performance of the Company has been comprehensively discussed in this section and forms part of the Board's Report.

Consolidated Results:

- During FY 2019-20, the Company reported consolidated sales of ₹ 625,731 million (US$ 8.3 billion) against ₹ 625,716 million for FY 2018-19,
- Reported earnings before interest, tax and depreciation (EBITDA) consolidated basis is at ₹ 53,953 million for FY 2019-20 as compared to ₹ 55,324 million in FY 2018-19. After adjusting for interest and depreciation, the reported profit before tax and profit after tax is ₹ 20,554 million and ₹ 11,701 million (Previous Year: ₹ 30,872 million and ₹ 16,131 million) respectively.
- Share of profits of associates & Joint ventures for FY 2019-20 amounted to ₹ 575 million compared to ₹ 1,131 million in FY 2018-19.
- Reported Earnings per share (EPS) is ₹ 3.71 per share, compared to ₹ 5.11 per share in FY 2018-19.
- The Company reported Return on Average Capital Employed (ROCE) of 10% at a consolidated level in 2019-20, however, if we adjust for acquisitions made post announcement of Vision 2020 as well as for Greenfields at Tuscaloosa and Kecskemet, ROCE was 24%. ROCE for the FY 2019-20 impacted due to COVID–19 pandemic, negative growth in automotive industry globally and higher initial ramp costs at new Greenfields of SMP

Standalone results:

The domestic market conditions have been impacted by the slowdown of the Indian economy which has been triggered by a mix of both internal as well as external factors such as synchronized global slowdown, impacting domestic automobile sales. The sale of automobiles across sectors in the second half of FY 2019-20 was impacted due to migration from BS-IV to BS-VI emission norms commencing from April 1, 2020. The sales were further impacted due to lockdowns in March 20.

- During the FY 2019-20 the standalone sales are reduced by 10% at ₹ 66,321 million against ₹ 73,959 million for FY 2018-19 due to domestic market conditions. Exports from India were at ₹ 9,975 million compared to ₹ 9,878 million in FY 2018-19
- Reported earnings before interest, tax and depreciation (EBITDA) was ₹ 11,685 million as compared to ₹ 13,347 million in FY 2018-19.
- The Profit before tax (PBT) and Profit after Tax (PAT) were ₹ 11,614 (FY 2018-19 : ₹ 12,224 million) and ₹ 8,988 (FY 2018-19 : ₹ 8,138 million) respectively with dividend from its overseas subsidiaries and joint ventures amounting to ₹ 3,093 million (FY 2018-19 : ₹ 1,227 million).
- The Company reported return on capital employed (ROCE) at standalone level was 31% compared to 41% in previous year. The ROCE for the year was impacted due to drop in revenues and further lockdown in March 2020

ADOPTION OF NEW ACCOUNTING STANDARD Ind AS 116

During the FY 2019- 20, Ind AS 116 pertaining to Leases became applicable to the Group. The standard requires operating leases to recognize assets for the right to use as well as leasing liabilities for the outstanding lease payments for the period of the lease. The Company elected to apply the new accounting standard with effect from April 01, 2019, using the modified retrospective method without restating comparatives for the year ended March 31, 2019.

The management has conducted a detailed analysis on the implications of the implementation of the new standard on the financials. The Company recognized the right to use assets and lease liabilities for those lease contracts except for short-term lease and lease of low-value assets. The impact of the adoption of this new standard for FY 2019-20 is given is as follows:

₹ in Million

	Consolidated	Standalone
Decrease/ (increase) in rent expense	3,988	289
Decrease/ (increase) in finance cost	(738)	(88)
Decrease/ (increase) in depreciation	(3,599)	(248)

DEBT POSITION & LIQUIDITY:

During the financial year 2019-20, the Company generated highest levels of operating cash flows (after working capital) of ₹ 63,520 million (FY 2018-19 : ₹ 43,124 million) and incurred lower CAPEX of ₹ 21,942 million (FY 2018-19 : ₹ 26,853 million) The Company's comparative debt position for last 3 years is as follows:

₹ in Million

	Consolidated			Standalone		
	31/03/2018	31/03/2019	31/03/2020	31/03/2018	31/03/2019	31/03/2020
Long term debt*	75,701	80,995	82,730	11,027	11,337	11,915
Debt due in one year*	8,967	5,914	1,089	504	18	0
Short term debt	19,068	28,433	34,079	16	2	2,279
Gross debt	**103,736**	**115,342**	**117,898**	**11,547**	**11,357**	**14,194**
Cash and Bank Balance	27,783	35,425	48,728	1,022	1,338	2,305
Net debt	**75,953**	**79,917**	**69,170**	**10,525**	**10,019**	**11,889**

**Debt excludes lease liabilities recognized as per Ind AS 116 during FY 2019-20 amounting ₹ 10,182 million classified as non-current and amounting ₹ 3,284 million classified as current at consolidated level.*

Given the uncertainty around COVID 19 situation, the Company further enhanced its liquidity by the issue of Rupee Non-Convertible Bonds of ₹ 5,000 million in April 2020.

DIVIDEND PAYOUTS:

The Company paid a dividend of ₹ 1.50 per share for 18-19 in August 2019 as approved by the shareholders at the annual general meeting. In order to further reward its shareholders, the Board declared and paid an interim dividend of ₹ 1.50 per share for the FY 2019-20 in March 2020. The interim dividend including dividend distribution tax represents a payout ratio of 49% of the consolidated profits after tax for the FY 2019-20. This payout ratio is highest so far by the Company as well as significantly above the stated policy of 40% dividend payout ratio.

During the year FY 2019-20, the total dividend outflow including dividend distribution tax amounted to ₹ 10,814 million.

REVENUE:

The Company's consolidated sales reached to ₹ 625,731 million (USD 8.3 billion) during the year.

Geographical Spread

The Company's consolidated sales are in line with the previous year at ₹ 625,731 million, with 89% of consolidated sales coming from outside India.

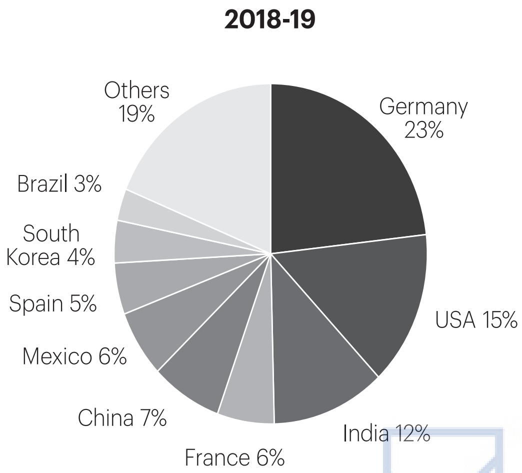
With a significant contribution to sales growth from outside India and the ability to serve customers globally, the Company now ranks as one of the leading global players in the automotive component industry.

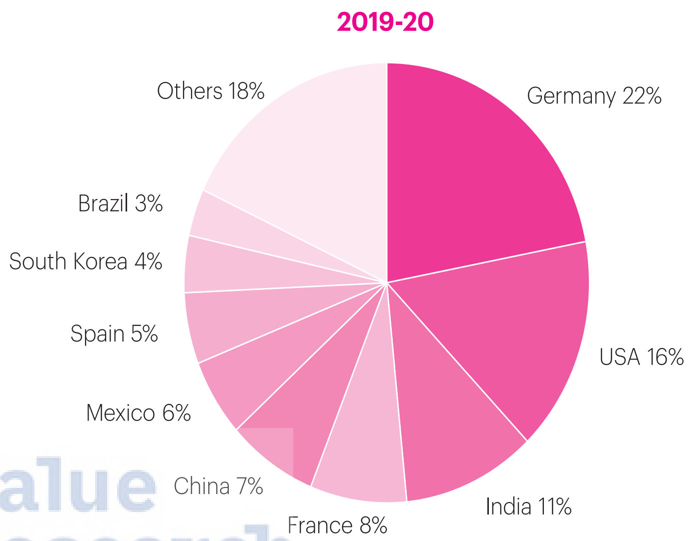
The table below shows consolidated sales performance of the Company within India and outside India in 2019-20:

₹ in Million

Consolidated	2018-19		2019-20		Growth %
	%	Amount	%	Amount	
Customers within India	12%	74,274	11%	66,281	-11%
Customers outside India	88%	551,442	89%	559,450	1%
Total	**100%**	**625,716**	**100%**	**625,731**	**0%**

The below chart shows the consolidated sales breakdown by geography for the financial year ended March 31, 2020, and March 31, 2019.



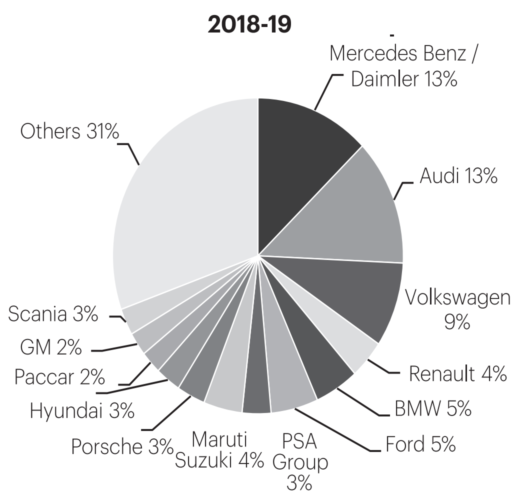


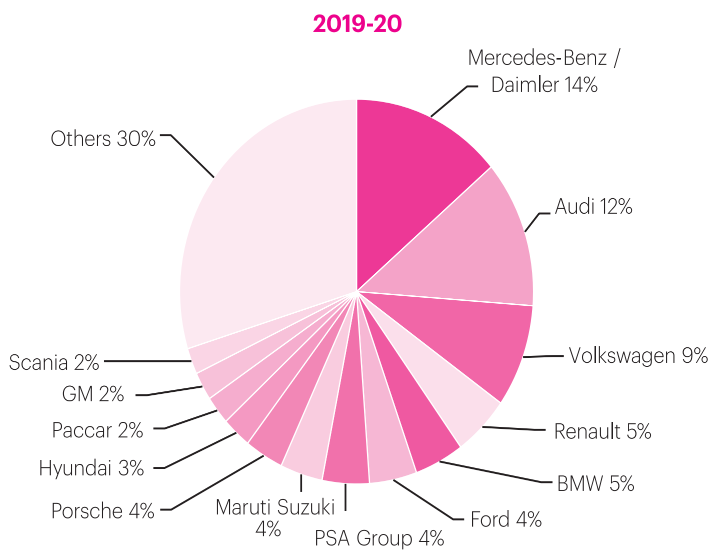
MSSL has substantially expanded its customer base globally to strengthen its affiliation with the existing customers, towards its target of 3CX15.

Diversified customer portfolio

The Company serves major customers globally across its business divisions. It is a trusted partner for all its customers.

The below chart shows the sales breakdown by customers for the financial year ended March 31, 2020.





A major component of Vision 2020 is MSSL's target of "3CX15", which means no Component, Customer or Country to represent more than 15% of the turnover. This is the de-risking philosophy that the company follows and supports the Company with a balanced portfolio. The above graph depicts the dependence on each customer. The largest customer is now 14%.

Moreover, as part of its strategy, the group has been focused on expanding the customer base on a year-on-year basis via organic and inorganic growth, on the acquisition of SMRC and PKC. The customer profile is getting more balanced going forward.

Others include customers contributing to less than 2% of total sales.

REVIEW OF CONSOLIDATED FINANCIALS

Consolidated financial results:

The Company's consolidated financial results are summarized in the table below.

₹ in Million

Results	2018-19	2019-20	% change
Sales	625,716	625,731	0%
Cost of goods sold	367,383	362,715	-1%
Employee cost	141,694	150,769	6%
Other expenses	72,668	69,871	-4%
EBITDA*	55,324	53,953	-2%
Finance costs	4,232	5,986	41%
Depreciation including amortization of intangibles as well assets capitalized on Rights to Use and Impairment	20,582	27,780	35%
PBT	32,003	21,129	-34%
PAT (concern share)	16,131	11,701	-27%
Earnings per share	**5.11**	**3.71**	**-27%**
Total comprehensive income attributable to:			
Owners	15,778	13,505	-14%
Non-controlling interest	5,020	2,066	-59%

**Before dividend income and interest income*

Major cost contributors

Cost of Material

MSSL is designing, developing and manufacturing / assembling diverse products range and the cost of raw material can vary depending upon product mix. Cost of material includes purchases of raw materials, purchases of various bought-out components, some of which are customer nominated and tools etc. The company is regularly undertaking initiatives such as Value addition, Value Engineering (VA-VE) to reduce its raw material costs to meet customer's targets for cost down. Further, the company is undertaking horizontal and vertical integration to offer better solutions to the customers.

Raw material required for its major product categories are:

- Key raw material for the Company's Wiring Harness Division is copper.
- Key raw materials for the Polymer Division are polypropylenes, polycarbonates, ABS and various grades of nylons and resins. Finished products contain decorative (leather, textile and foils) materials, chrome, fasteners, wiring harnesses, electronics, electrical parts, die-casting, plastic and metal parts. The major raw material used in the manufacture of tools and moulds is alloy steel.
- Key inputs for the SMR (mirror) Division are glass actuators, power folds, glass, electro-chromatic glass ("EC glass"), wiring harnesses, electronics, electrical parts, die casting, plastic parts and resins.

For the financial year ended March 31, 2020, the cost of material was ₹ 362,715 million against ₹ 367,383 million for the corresponding previous financial year ended March 31, 2019, which is 58% & 59% of total sales respectively for both the years.

Employee cost

Employee cost is the second largest contributor after raw materials in the total cost structure. Employee cost is calculated by totaling the sum of salaries and wages, contribution to provident fund, gratuity, employee pension schemes and expenses incurred on staff welfare. What determines this cost is the size of operations, geographical reach and skill requirements for customers.

Overall employee cost increased by 6% in FY 2019-20 which was 24% of total sales for the year. The increase this year was primarily due to the increase in capacity and production level, the ramp-up of production in new facilities, and headcount increase at new Greenfield plants.

Other Expenses

This year across the Company cost-saving measures were initiated at all levels from the initial stage of procurement to production and also administration. This resulted in a reduction of 4% in this head compared to the previous year. Other expenses primarily consist of general administrative expenses, energy cost, repair & maintenance cost, rental & lease cost, freight & forwarding cost, auditors remuneration, net foreign exchange loss and legal & professional fees etc.

Finance Costs:

Total finance costs of ₹ 5,986 million for FY 2019-20 included an amount of ₹ 738 million impact due to the implementation of Accounting Standard on leases. After adjusting the same, the Finance costs are comparable to ₹ 4,232 million during FY 2018-19.

Depreciation and Amortization Expenses:

Depreciation and Amortization expenses of ₹ 27,780 million include depreciation of ₹ 3,599 million in respect of right of use assets, capitalized consequent upon implementation of Accounting Standard on leases as well as impairment amount of ₹ 737 million recognized in FY 2019-20. The net charge to P & L account after adjusting for these is ₹ 23,444 million compared to ₹ 20,582 million in FY 2018-19.

Income Taxes:

Income tax expense include an amount of ₹ 9,043 million (FY 2018-19: ₹ 11,860 million) towards current tax charge.

(A) Consolidated financial position:

₹ in Million

Financial Position	2018-19	2019-20	% change
Property, plant and equipment	140,539	147,138	4.7%
Right-to-use assets	-	15,596	0.0%
Capital work-in-progress	10,463	8,154	-22.1%
Investment properties	1,304	1,197	-8.2%
Goodwill	22,118	24,060	8.8%
Other intangible assets	20,471	19,874	-2.9%
Other assets			
- Inventory	46,634	51,566	10.6%
- Trade receivables	73,292	65,783	-10.2%
- Cash & bank balance	35,469	48,789	37.6%
- Other assets	83,011	72,802	-12.3%
Total assets	**433,302**	**454,958**	**5.0%**
Liabilities (other than loans)	173,536	175,335	1.0%
Net assets	**259,766**	**279,623**	**7.6%**
Source of funding:			
Net worth	106,215	109,026	2.6%
Reserve on amalgamation and consolidation	3,412	3,583	5.0%
Non-controlling interests	34,797	35,650	2.5%
Loans outstanding:			
- Payable within one year	5,914	1,010	-82.9%
- Short-term loans	28,433	34,079	19.9%
- Long-term loans	80,995	82,612	2.0%
- Lease liabilities	-	13,663	0.0%
Total loans	**115,342**	**131,364**	**13.9%**

₹ in Million

Financial Position	2018-19	2019-20	% change
Cash & bank balance (excluding unpaid dividend)	35,425	48,728	37.6%
Loans (net of cash and bank balances)	**79,917**	**82,636**	**3.4%**
Capital expenditure (Net of disposals)	26,853	21,942	-18.3%

The Company's net debt excluding additional lease liabilities recognised as per Ind AS 116 was ₹ 69,169 million as on March 31, 2020, significantly lower from ₹ 79,917 million as on March 31, 2019.

The Company had cash and bank balance of ₹ 48,728 million including the cash and bank balance at SMRP BV & PKC amounting Euro 414 million and Euro 90 million respectively as on March 31, 2020.

(B) Ratio Analysis:

Key Ratios	2018-19	2019-20
Debtor Turnover (days)	34	33
Inventory Turnover (days)	25	28
Interest Coverage Ratio	13.87	9.70
Current ratio	1.29	1.24
Debt Equity Ratio	0.80	0.80
Operating Profit Margin	5.8%	4.3%
Net profit Margin	2.6%	1.9%
Net Debt to EBITDA	1.36	1.36

Key indicators are mentioned at the end of MANAGEMENT DISCUSSIONS AND ANALYSIS.

The decline in operating profit margins and net profit margin is caused due to initial startup and higher/exceptional ramp-up costs at SMP Greenfields plants.

CAPITAL EXPENDITURE

The Company is Full Solutions Provider to the customers, providing design, development, tooling, manufacturing and assembly solution to the customers. Further, the Company's products change as the customer introduce new / face lifts models, in the markets. The company makes investments into new product lines/ new facilities based on orders from the customers. During the Five Year 2015-20, the company has built 41 plants across geographies to meet the requirements of the customers for executing the orders.

During the year, The Company as a whole incurred capital expenditure of ₹ 21,942 million (Previous Year ₹ 26,853 million) which has been largely financed from internal accruals within the group. Segment-wise break-down of expenditure is as follows:

₹ in Million

Segment	2018-19	2019-20
Standalone	3,976	3,470
SMP	13,803	10,825
SMR	4,989	4,068
PKC	2,578	2,852
Others	1,507	727
Total	**26,853**	**21,942**

While the details of such capex are described in respective segments, it may be noted that SMP has completed its capex on large greenfield plants built at Zitlatepec (Mexico), Kecskemet (Hungary) and Tuscaloosa (USA).

CASH FLOW

The Company has strong cash flow position after meeting operating expenses including capital expenditure. Following table summarizes the Company's consolidated and standalone cash flows for the current and previous years.

Consolidated Cash Flow statement:

₹ in Million

Consolidated Cash Flow	2018-19	2019-20
Cash flow from operations	**53,622**	**74,296**
Taxes paid	(10,498)	(10,776)
Cash flow from operating activities	**43,124**	**63,520**
Capital Expenditure (Net of disposal)	(26,853)	(21,942)
Proceeds from sale / (payment for purchase) of investments	(13)	33
Consideration paid on acquisition of subsidiaries & associates	(7,217)	(1,228)
Cash flow from other investing activities	978	738
Cash flow from Investing activities	**(33,105)**	**(22,399)**
Proceeds & (repayments) of borrowings	8,147	(6,214)
Dividend paid	(6,395)	(12,794)
Cash flow from other financing activities	(3,998)	(9,021)
Cash flow from financing activities	**(2,246)**	**(28,029)**
Net Increase/(Decrease) in Cash & Cash Equivalents	7,773	13,092
Net Cash and Cash equivalents at the beginning of the year	27,706	35,399
Cash and cash equivalents as at current year closing*	**35,399**	**48,688**

**(including exchange difference on bank balances in foreign currency with banks)*

Operating Activities

Net cash generated from operating activities for the financial year ended March 31, 2020, was ₹ 63,520 million. Cash generated from operations before changes in working capital & income tax was ₹ 58,095 million.

Investing Activities

Net cash flow utilized in investing activities during the financial year ended March 31, 2020, was ₹ 22,399 million. This was primarily contributed by the amount paid for the purchase of property, plant & equipment for ₹ 21,942 million (the same is explained in "Capital Expenditure").

During the year the Company made payment against Bombardier acquisition announced in the previous year. The total consideration paid for the acquisitions was ₹ 851 million. Further the Company also acquired shares of a joint venture and other subsidiaries during the year amounting INR 377 million

Financing Activities

Net cash flow utilized in financing activities for the financial year ended March 31, 2020, was ₹ 28,029 million. The Company made payment of dividends twice in the year, first in the month of August declared out of FY 2018-19 profits and secondly interim dividend for FY 2019-20 in the month of March 2020. The total dividend (including dividend distribution tax) paid in the year was ₹ 10,827 million. The dividend paid to Minority shareholders during the year was ₹ 1,967 million.

Net payment to various working capital facilities and term loan during the period was ₹ 6,214 million (including ₹ 3,758 net repayment of subordinated debt to shareholders).

REVIEW OF PERFORMANCE BY SEGMENT/ SUBSIDIARIES

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker "CODM" of the group.

The group's CODM examines the group's performance in five reportable segments of the business.

The following table shows business progress with respect to our different business segments during FY 2019-20:

₹ in Million

Consolidated	March 31, 2019		March 31, 2020		Growth
	%	Amount	%	Amount	%
MSSL Standalone	12%	73,959	11%	66,321	-10%
SMR	21%	129,840	19%	121,368	-7%
SMP (including SMRC)	48%	298,070	51%	317,325	6%
PKC	15%	95,186	15%	92,693	-3%
Others*	7%	42,667	7%	41,423	-3%
Intersegment	-2%	(14,006)	-2%	(13,399)	
		625,716		**625,731**	

*Others comprise other subsidiaries of the Company (excluding SMR, SMP & PKC) that are below the thresholds for separate reporting as operating segments

The details and performance of each of the segment is described in respective sections.

REVIEW OF STANDALONE PERFORMANCE & FINANCIALS

Currently, 85% of sales at standalone are to the domestic customers while 15% of the standalone sales originate from outside of India as shown by the below table.

₹ in Million

MSSL Standalone	2018-19		2019-20		Growth
	%	Amount	%	Amount	%
Customers within India	87%	64,081	85%	56,346	-12%
Customers outside India	13%	9,878	15%	9,975	1%
Total	**100%**	**73,959**	**100%**	**66,321**	**-10%**

As already specified, the slowdown of the Indian economy due to various factors also impacted the domestic automotive industry together with other factors like migrating to the BS-VI emission norms, the spread of COVID-19 pandemic amongst other factors that impacted the standalone business of the Company.

The table below shows the sales by different product groups of MSSL Standalone business as well as sales to domestic customers and outside:-

₹ in Million

MSSL Standalone	2018-19		2019-20		Growth
	%	Amount	%	Amount	%
Wiring Harness	72%	53,231	73%	48,150	-10%
Modules and Polymer Components	26%	19,514	25%	16,835	-14%
Rubber/Metal machined & other products	2%	1,214	2%	1,336	10%
Total		**73,959**		**66,321**	**-10%**

Wiring Harness: The Company is engaged in design, development, assembly and supply of wiring harnesses to its customers in domestic and overseas markets. Also, the Company is manufacturing wires which are supplied to its wiring harnesses plants (turnover of which is netted in reporting Company's revenues) as well as to its Joint venture and subsidiaries,

₹ in Million

Wiring Harness	2018-19		2019-20		Growth
	%	Amount	%	Amount	%
Customers Within India	85%	45,468	84%	40,542	-11%
Customers Outside India	15%	7,762	16%	7,608	-2%
Total		**53,231**		**48,150**	**-10%**

Modules and Polymer Division (called Motherson Automotive & Engineering – MATE): is engaged in design development and supply of modules such as Instrument Panel Assembly (dashboard), Console, Door Trim Assembly, Front and Rear Bumpers, Exterior Grilles, Functional Parts such as Inside and Outside Handles. Interior roof Grab Handles, Roof Rails, Air Louvers, Cowl Top etc. Blow moulded components such as HVAC Ducts, Windshield Fluid Reservoirs, Resonators and Spoilers. In addition, the component division, SMIIEL manufactures high precision parts & highly intricate assemblies for automotive and Medical Segment. The product range covers connectors, relay boxes, junction box and terminals. Electronic division of SMIIEL manufactures high precision PCB & wire-based junction box

₹ in Million

Modules and Polymer Components	2018-19		2019-20		Growth
	%	Amount	%	Amount	%
Customers Within India	93%	18,216	92%	15,450	-15%
Customers Outside India	7%	1,298	8%	1,385	7%
Total		**19,514**		**16,835**	**-14%**

Other businesses of MSSL, India include Elastomer Division, having facilities at Noida, & Chennai with product range such as Door Grommets, Pads & Bushes, Gaskets & O-Rings, NVH Components, Vibration Mounts, Suspension Bushes, Rubber To Metal Bonded Parts, Large Engine Gaskets, Rubber To Plastic Bonded Parts etc. and Metal Division manufactures High Precision Machined Metal Components and Assemblies for a wide range of applications including Machinery parts, Valve body parts, Hydraulic cylinder parts, Drive motion parts, Healthcare parts, cooling system - heat sinks and other precision applications.

₹ in Million

Rubber/Metal machined & other products	2018-19		2019-20		Growth
	%	Amount	%	Amount	%
Customers Within India	33%	396	27%	355	-10%
Customers Outside India	67%	818	73%	981	20%
Total		**1,214**		**1,336**	**10%**

(A) Standalone financial results:

₹ in Million

Results	2018-19	2019-20	% change
Sales	73,959	66,321	-10%
Cost of goods sold	42,099	37,164	-12%
Employee cost	11,785	12,176	3%
Other expenses	9,201	8,379	-9%
EBITDA*	13,347	11,685	-12%

₹ in Million

Results	2018-19	2019-20	% change
Finance costs	176	306	74%
Depreciation including amortization of intangibles as well assets capitalized on Rights to Use and Impairment	2,193	2,883	31%
PBT	12,224	11,614	-5%
PAT	8,138	8,988	10%
Earnings per share	**2.58**	**2.85**	**10%**

**Before dividend income and interest income*

(B) Standalone financial position:

₹ in Million

Financial Position	2018-19	2019-20	% change
Property, plant and equipment	17,087	15,819	-7.4%
Right-to-use assets	-	2,716	0.0%
Capital work-in-progress	907	903	-0.4%
Investment properties	872	747	-14.3%
Other assets			
- Inventory	10,551	9,931	-5.9%
- Trade receivables	8,090	8,675	7.2%
- Cash & bank balance	1,382	2,366	71.3%
- Other assets	51,543	50,872	-1.3%
Total assets	**90,432**	**92,029**	**1.8%**
Liabilities (other than loans)	14,693	14,463	-1.6%
Net assets	**75,739**	**77,566**	**2.4%**
Source of funding:			
Net worth	62,719	60,781	-3.1%
Reserve on amalgamation and consolidation	1,663	1,663	0.0%
Loans outstanding:			
- Payable within one year	18	0	-97.3%
- Short-term loans	2	2,279	121553.8%
- Long-term loans	11,337	11,915	5.1%
- Lease liabilities	-	928	0.0%
Total loans	**11,357**	**15,122**	**33.2%**
Cash & bank balance (excluding unpaid dividend)	1,338	2,305	72.3%
Loans (net of cash and bank balances)	**10,019**	**12,817**	**27.9%**
Capital expenditure (Net of disposals)	3,976	3,470	-12.7%

The Company incurred CAPEX of ₹ 3,470 million at standalone level, which includes: expansion of wiring harness facilities in Kandla, Pithampur, Lucknow & Noida, polymer facilities in Tapukara, Pune, Puducherry, Noida & Chennai. A new unit for rubber components is being set up in Chennai.

(C) Ratio Analysis:

Key Ratios	2018-19	2019-20
Debtor Turnover (days)	42	46
Inventory Turnover (days)	48	56
Interest Coverage Ratio	82.66	66.57
Current ratio	1.72	1.73
Debt Equity Ratio	0.18	0.23
Operating Profit Margin	16.8%	17.9%
Net profit Margin	11.0%	13.6%
Net Debt to EBITDA	0.69	0.82

Key indicators are mentioned at the end of MANAGEMENT DISCUSSIONS AND ANALYSIS.

None of the key ratios have significant variation (>25%) compare to previous year

Standalone Cash Flow statement:

₹ in Million

Consolidated Cash Flow	2018-19	2019-20
Cash flow from operations	**13,206**	**12,945**
Taxes paid	(3,781)	(2,582)
Cash flow from operating activities	**9,425**	**10,363**
Capital Expenditure (Net of disposal)	(3,976)	(3,470)
Dividend received from subsidiaries & Joint ventures	1,195	3,067
Cash flow from other investing activities	18	(94)
Cash flow from Investing activities	**(2,763)**	**(497)**
Proceeds & (repayments) of borrowings	(568)	2,242
Dividend paid	(5,492)	(10,797)
Cash flow from other financing activities	(342)	(371)
Cash flow from financing activities	**(6,402)**	**(8,926)**
Net Increase/(Decrease) in Cash & Cash Equivalents	260	939
Net Cash and Cash equivalents at the beginning of the year	1,016	1,333
Cash and cash equivalents as at current year closing*	**1,276**	**2,272**

**(excluding exchange difference on bank balances in foreign currency with banks)*

Operating profit before working capital changes was in line at ₹ 11,486 million, compared to ₹ 13,162 million for FY 2018-19.

During the year 2019-20 net proceeds from borrowing facilities was ₹ 2,242 including payment of lease liabilities recognised as per Ind AS 116 Leases.

The Company declared and paid interim dividend amounting ₹ 1.5 per share to its shareholders. Also dividend declared for previous year profit was paid during the year.

➢ Samvardhana Motherson Automotive System Group B.V (SMRP BV), Netherlands (Consolidated with its Subsidiaries & Joint Venture)

Following are the summary financials for the financial year ended March 31, 2020:

EUR in Million

Income Statement	2018-19			2019-20		
	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Sales	5,278	3,677	1,604	5,569	4,029	1,541
EBITDA#	340	165	188	337	164	185
% to Sales	6.4%	4.5%	11.7%	6.1%	4.1%	12.0%

Following are the summary financials for the financial year ended March 31, 2020 excluding Greenfields Tuscaloosa (USA) & Kecskemet (Hungary), SMRC and Ind AS 116:

EUR in Million

Income Statement	2018-19			2019-20		
	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Sales	4,338	2,737	1,604	4,126	2,585	1,541
EBITDA#	446	270	188	409	240	181
% to Sales	10.3%	9.9%	11.7%	9.9%	9.3%	11.7%

**SMRPBV Group includes results of segment 'Others', which represents activities carried out by Motherson Innovations (Group's R&D and new technologies development arm) and results of certain corporate and shareholder support functions not allocable to a particular segment on a reasonable basis.*

 # Before interest income and dividend income

REVENUE

For the year ended March 31, 2020, Group's sales increased to € 5,569 million, representing annual growth of 6% over the corresponding previous year's sales of € 5,278 million. SMP recorded a sales growth of 10% over the corresponding previous year as revenue increased to € 4,029 million on March 31, 2020, from € 3,677 on March 31, 2019. This growth is primarily due to ramp-up of production at Greenfield plants in USA and Hungary and full-year consolidation of SMRC's results. SMR's sales were € 1,541 million for the year ended March 31, 2020, slightly lower, as compared to € 1,604 million for the financial year ended March 31, 2019.

Earnings before interest, depreciation and taxes (EBIDTA):

For the financial year ended Mach 31, 2020 EBIDTA was € 337 million representing 6.1% to sales, vis-a-vis to EBIDTA for the corresponding financial year ended March 31, 2019, at €340 million representing 6.4% to sales.

Excluding Greenfields, SMRC and IFRS 16 Impact, as compared to the financial year ended March 31, 2020, EBITDA was € 409 million representing 9.9% to sales, vis-a-vis EBITDA for the corresponding previous financial year ended March 31, 2019, at € 446 million, representing 10.3% to sales.

For the financial year ended March 31, 2020, SMP EBITDA was € 164 million representing 4.1% to sales, which is similar to EBITDA for the corresponding financial year ended March 31, 2019, at €165 million representing 4.5% to sales for the reasons explained above.

Excluding the Greenfields, SMRC and IFRS 16 Impact, for the financial year ended March 31, 2020, SMP's EBITDA was € 240 million representing 9.3% to sales, vis-a-vis EBITDA for the corresponding previous year ended March

31, 2019 at € 270 million, representing 9.9% to sales. This decline in EBITDA is largely due to a temporary shutdown on production due to the COVID-19 pandemic outbreak towards the end of the quarter.

SMR's EBITDA for the financial year ended March 31, 2020, was € 185 million representing 12.0% to sales, vis-a-vis EBITDA for the corresponding previous year ended March 31, 2019, at € 188 million, representing 11.7% to sales. Excluding the impact of IFRS 16, EBITDA for the financial year ended March 31, 2020, was at € 181 million representing 11.7% to sales.

COST OF MATERIALS

Cost of materials includes purchases of raw materials, purchases of goods and tools for resale, discounts for prompt payment, purchase returns and similar transactions, volume discounts, changes to inventories, consumption of other supplies and purchase of pre-constructed components. These are primarily variable based on the product mix sold during the period.

The cost of material was, for the financial year ended March 31, 2020 cost of material was €3,341 million as compared to €3,197 million for the financial year ended March 31, 2019, in absolute amount. As a % to sales, the cost of material was 60.0% for the financial year ended March 31, 2020, which is lower as compared to 60.6% for the financial year ended March 31, 2019.

The absolute increase in the cost of materials is primarily due to increased production volume and higher engineering revenues due to the launch of new programmes for our OEMs as well as the inclusion of full-year of SMRC in the current period.

PERSONNEL COSTS

Personnel expenses include wages, salaries, paid labour rendered by third parties, employer's social security contributions and other welfare expenses. Personnel expenses are primarily driven by the size of our operations, our geographical reach and customer requirements.

Personnel expenses were at € 1,328 million, for the financial year ended March 31, 2020, was higher than €1,206 million for the financial year ended March 31, 2019, Representing 23.8% of sales for March 31, 2020, and 22.9% of sales for March 31, 2019. These increases were due to increased production level and ramp-up of production from Greenfield plants in Hungary and USA.

OTHER OPERATING EXPENSES

Other operating expenses primarily consist of general administrative expenses, energy costs, repair & maintenance costs, rental & lease costs, freight & forwarding costs, auditors' remuneration, net foreign exchange loss and legal & professional fees.

Other operating expenses were for the financial year ended March 31, 2020, represented 11.6% of revenues at €648 million as compared to 11.7% of revenues at €615 million for the financial year ended March 31, 2019.

The absolute increase in operating expenses for the full year is attributed primarily due to an increase in production levels and ramp-up costs associated with production from new plants.

CAPITAL EXPENDITURE

SMRP BV Group's growth strategy includes expanding operations in line with customers' growth and sales order book. Capital expenditure primarily relates to the building of new manufacturing plants or increasing the capacities in existing plants in response to new orders from the customers.

SMRP BV Group is also focussed on improving the cost base by enhancing the vertical integration of the manufacturing operations. Capital expenditure is also incurred to upgrade or replace key machineries utilised in the manufacturing & assembly process to increase production efficiencies.

Capital expenditure has been gradually reducing year on year. Capital expenditure incurred during the financial year ended March 31, 2020 was €175 million, the lowest in the last 5 years. The current level of capital expenditure is sufficient to cater to the existing order book as a significant part of expenditure for Greenfield plants has already been incurred.

Performance of SMP

SMP division produces various polymer-based interior and exterior products for light vehicles. SMP's product portfolio is primarily comprised of complete modules, including door panels, instrument panels and bumpers as well as other plastic components and systems, such as centre consoles, decorative interior trims and plastic body parts. These products involve complex manufacturing and assembly processes, require significant systems integration expertise and represent key comfort and aesthetic features of the vehicles in which they are integrated.

SMP focuses on the premium segment and is a leading global supplier of door panels, instrument panels and bumpers. SMP's facilities are strategically located in close proximity to the plants of its OEM customers, allowing for minimal lead times and transport costs and efficient inventory management through "just-in-time" and "just-in-sequence" deliveries to customers.

SMP's research and development team are focussed on meeting and exceeding the steadily increasing requirements of its customers and on key areas including lightweight constructions, renewable raw materials, occupant protection and pedestrian protection. The engineering team works with OEM to develop cost-efficient innovative products along with adding new functionalities and continually improving SMP's existing product range.

SMP division includes Reydel Automotive Group which was acquired on August 02, 2018 by SMRP BV by purchasing 100% stake in Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V. (subsequently renamed as Samvardhana Motherson Reydel Companies" or "SMRC"). SMRC manufactures interior components and modules for global automotive customers and further strengthens the SMRP BV's offerings in the automotive interiors space along with the existing SMP group. SMRC is a leading global developer and supplier of interior components to the global automotive manufacturers. SMRC's Interiors Product Portfolio includes Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit Modules.

SMP (including SMIA & SMRC) has 48 manufacturing facilities in 20 countries and employed 22,222 people as of March 31, 2020.

SMP recorded a sales growth of 9.6% over the corresponding previous year as sales increased to € 4,029 million in March 31, 2020 from € 3,677 in March 31, 2019. This growth is primarily due to ramp-up of production at Greenfield plants in USA and Hungary and full-year consolidation of SMRC's results. This growth in sales is despite production disruptions due to COVID-19 pandemic outbreak which affected China in the earlier part of the current quarter and began affecting the rest of the geographies towards mid-March 2020.

Excluding Greenfields, SMRC and IFRS 16 Impact, EBITDA for the fiscal year ended March 31, 2020, was € 240 million representing 9.3% to sales, vis-a-vis EBITDA for the corresponding previous fiscal year ended March 31, 2019 at € 270 million, representing 9.9% to sales.

During the year ended March 31, 2020, SMP incurred capital expenditure amounting to € 131 million. This CAPEX was mainly incurred for maintaining and upgrading existing facilities to bring efficiencies in the production process, for launching new customer programs at existing facilities and as well as for completion of Greenfield plants at Tuscaloosa & Kecskemet.

Performance of SMR

SMR is one of the largest manufacturers of mirrors for passenger cars in the world having its headquarters in Stuttgart, Germany. The division develops and manufactures rearview mirror system and intelligent camera technologies for the automotive industry. The product range includes exterior and interior mirrors, mirrors with integrated lighting and turn signals, warning detection systems, telescopic trailer tow mirrors, as well as rearview vision technologies including cameras and sensors. SMR's mirrors are engineered to optimize aerodynamics and integrate technologically advanced features that enhance safety, comfort and aesthetics.

SMR is a global Tier I supplier of rearview vision systems to all the leading automobile OEMs, including Hyundai Kia, Ford, General Motors, PSA, Renault/Nissan, Suzuki, Fiat, Toyota, Tata JLR, Volvo, BMW, Audi, Daimler and Volkswagen.

SMR is present in 16 countries, has 22 manufacturing facilities and 2 module centers.

Below table shows the performance of SMR:

SMR is well-positioned geographically in all major automotive markets which help in maintaining its market position with all customers. However, revenues are negatively impacted due to COVID-19 situations across all markets including China and Korea during the last quarter of the fiscal year ended March 31, 2020.

Despite this impact on revenue during last quarter, SMR EBITDA margin has improved due to continuous focus on operational improvements and removing inefficiencies from the system, resulting in EBITDA excluding interest income of 12.0% to the sales for the year ended March 31, 2020, vis-a-vis 11.7% for the previous year ended March 31, 2019.

Euro in Million

SMR Results#	2018-19	2019-20
Sales	1,604	1,541
EBITDA*	188	185
Depreciation and amortization	46	56
PBIT*	142	129

As per financials prepared under Ind AS for the purpose of consolidation.

* Before interest income and dividend income

During the year 2019-20, SMR incurred capital expenditure amounting to € 44 million. The CAPEX was mainly incurred for adding production capacities and new capabilities at existing facilities. SMR also completed expansion and consolidation of its facility at Chennai, India during the year.

- **PKC Group Plc. (PKC)(Consolidated with its Subsidiaries & Associate)**

PKC Group is a global partner engaged in designing, manufacturing and integrating electrical distribution systems, electronics and related architecture components for the commercial vehicle industry, rolling stock manufacturers and other selected segments. In addition, PKC designs and manufactures electrical cabinets, power packs and electrical distribution systems for leading rolling stock manufacturers.

Since the acquisition by MSSL, PKC improved its performance on many fronts. Revenue grew organically in all geographical areas with a strong commercial market in Europe, North America along with penetration in the Brazil market.

The financial year started with a strong market environment but the market was slightly impacted during the year as a result of lowered GDP growth in China and trade war escalation with the US. The end of the financial year was effected by COVID-19.

The below table shows the performance of PKC during the last two years after its association with the group.

Euro in Million

PKC Results#	2017-18	2018-19	2019-20
Sales	1,043	1,176	1,177
EBITDA*	72	105	120
Finance Costs	7	6	8
Depreciation and amortization	31	30	41
Profit before tax	36	72	73
Taxes	2	16	17
Profit after tax	33	55	56
Minority Interests	5	3	2
PAT (concern share)	28	52	54

 # As per financials prepared under Ind AS for the purpose of consolidation.

** Before interest income and dividend income*

One of the subsidiaries of the group, Motherson Rolling Stock Systems GB Limited, signed a definitive agreement with Bombardier Transportation (Rolling Stock) UK Ltd. ("Bombardier") on February 28, 2019, for the acquisition of Bombardier's assets relating to production and installation of electrical components and systems for applications in the rail industry, comprising among others the manufacturing of wiring harnesses, panel and cabinet build and electromechanical assemblies in Derby, UK. This acquisition was completed in April 2019 through Motherson Rolling Stock Limited (MRSS).

While overall revenue at PKC remained at the same level as the previous year, revenue growth was contributed by the acquisition of MRSS as well as growth in the Brazil market. Softened truck markets in America and Europe along with COVID-19 impact across markets including China reflected negatively on revenues.

Despite deteriorating markets conditions, PKC achieved highest ever EBITDA with the successful implementation of the Company philosophy of "breathing with the market" across regions as well as generated strong free cash flows

During the FY 2019-20, PKC group incurred CAPEX of € 36.2 million, which included the purchase of leased land & building at Serbia (so that expansion can be carried by Group), for expansion at Serbia, setting up of new plant at Ras Al Khaimah (UAE), a customer-related project at other facilities including China.

During March 2020 one of the subsidiaries of PKC group, PKC Wiring Systems Oy, Finland acquired 81% shares of Wisetime Oy, Finland by paying consideration of € 5.33 million. Post this purchase the Company became a 100% shareholder of this acquired Company.

Wisetime Oy a Finnish software Company was founded in 1991 and has long-term experience in developing industrial Enterprise Resource Planning (ERP) systems.

Wholly owned Subsidiaries:

Subsidiaries	Nature of business	Currency	Revenue 2018-19 in million	Revenue 2019-20 in million
MSSL Mideast (FZE) MSSL Holding:100% Location : Sharjah Free Trade Zone, UAE	Manufacturing of wiring harness for supplies to leading manufacturers of material handling equipment, construction equipment, agricultural machines, garbage handling trucks etc. as well to SMR.	EUR	46	43
MSSL (GB) LTD. MSSL Holding:100% Location / Country: New Castle, UK	Wiring harness and related modules to niche segments in UK.	GBP	13	11
MSSL Wiring System MSSL Holding: 100% Country: USA (one manufacturing facility) and Mexico (four manufacturing facilities)	MSSL Wiring System along with four fellow subsidiaries in Mexico i.e. Alphabet de Mexico, S.A. de C.V., Alphabet de Mexico de Monclova, S.A. de C.V. and Alphabet de Saltillo, S.A. de C.V., MSSL Wiring Juarez, S.A. de C.V. has five manufacturing facilities, a warehouse, an engineering and administrative center and a new design and support office. It designs and manufactures wiring harness products for sale principally to the commercial, agricultural and off-highway vehicle markets, as well as assembles entire instrument panels that are configured specifically to an OEM customer's specifications in the commercial vehicle market.	USD	264	247
Motherson Electrical Wires Lanka Private Limited MSSL Holding: 100% Country: Sri Lanka	Manufacturing wires for automotive applications. It supplies wires to different manufacturing locations of MSSL.	USD	23	19
MSSL Tooling (FZE) MSSL Holding:100% Country: UAE	Manufacturing high quality plastic moulded components, injection moulded precision tool & plastic parts. The Company has also facilities for post moulding operations and assembly. MTL supplies to Tier 1 customers and supports the polymer business in Europe. The Company serves the auto components, pharmaceuticals, construction-anchors industries.	EUR	16	19

Subsidiaries	Nature of business	Currency	Revenue 2018-19 in million	Revenue 2019-20 in million
MSSL Advanced Polymers s.r.o MSSL Holding: 100% Country: Czech Republic	Supplies products to leading European automotive Tier-I suppliers. The product range includes connecting door rods, plastic parts safety belts, connectors, sensing elements, covers, parts for pneumatic dispatch, visible parts for roof rays, plastic parts for fuel tanks etc.	EUR	22	20
MSSL GmbH MSSL Holding: 100% Country: Germany	Supplies plastic components to Tier 1 customers and also acts as the holding Company and corporate office providing support to the European entities.	EUR	20	23
Motherson Orca Precision Technology GmbH MSSL Holding: 95.1% Country: Germany	Serves automobile and auto component manufacturers and tier 1 customers. The product range includes precision turned parts for fuel injection, fuel pump, emission controls, pressure sensors, air condition systems etc.	EUR	8	8
Motherson Techno Precision México, S.A. de C.V MSSL Holding: 95.1% Country: Mexico	Provides engineering, design and prototype services, mainly to wiring harnesses customers in Americas.	EUR	9	10
MSSL Manufacturing Hungary Kft MSSL Holding: 100% Country: Hungary	The Company was formed in October 2016 by acquiring the land, building and machinery of Abraham es Tarsa Kft. It is in the business of plastic moulding	EUR	12	14
MSSL s.r.l. Unipersonale MSSL Holding: 100% Country: Italy	Provides engineering, design and prototype services, mainly to wiring harnesses customers in Europe. During the year MSSL GmbH sold the holding in MSSL s.r.l. Unipersonale to MSSL (GB) LTD.	EUR	0*	0*
MSSL Global RSA Module Engineering Ltd. MSSL Holding: 100% Country: South Africa	Manufacturing of moulded parts like bumpers, instrument panels, door trims, Interior Trims and fully robotic paint shop for painting body colour matched parts for leading OEMs.	ZAR	1,118	1,247
MSSL Japan Limited MSSL Holding:100% Country: Japan	Supplies wiring harness for heavy commercial vehicles.	JPY	1,357	1,903
MSSL México, S.A. De C.V. MSSL Holding: 100% Country: Mexico	Supplies wiring harness within MSSL and to customers in local and USA market.	USD	24	25
MSSL WH System (Thailand) Co. MSSL Holding: 100% Country: Thailand	Manufacturing of wiring harness for leading OEMs.	THB	538	577

Subsidiaries	Nature of business	Currency	Revenue 2018-19 in million	Revenue 2019-20 in million
MSSL Korea WH Ltd. MSSL Holding: 100% Country: Korea	Supply wiring harness in Korea.	KRW	2,879	2,627
MSSL Ireland Pvt. Ltd. MSSL Holding: 100% Country: Ireland	Provides design services, mainly to wiring harnesses customers. It also provides logistics support services to MSSL and MSSL Mideast, enabling them to supply online to customers in Europe.	EUR	0*	0*
Motherson Wiring System (FZE) MSSL Holding: 100% Country: UAE	Providing building on lease at UAE to Motherson group companies and receiving rental income for the same.	EUR	0*	0*
MSSL (S) Pte Ltd. MSSL Holding: 100% Country: Singapore	Provides support to MSSL and its group companies mainly for international purchasing. The Company is also a holding Company for the group investments in MSSL Australia Pty Ltd., MSSL Japan, MSSL México S.A. De C.V., MSSL WH System (Thailand) Co., Ltd and MSSL Korea WH Limited. During the year MSSL (S) Pte Ltd sold the holding in MSSL Ireland Pvt. Ltd to MSSL (GB) LTD.	SGD	4	2
Global Environment Management (FZC) MSSL Holding: 100% Country: UAE	Marketing its key product Aerobin in Australia. The product re-cycles household and garden wastes into beneficial compost without any use of electricity or chemicals which helps in avoiding dumping of household waste into landfill.	AUD	1	1
MSSL Mauritius Holdings Ltd. MSSL Holding: 100% Country: Mauritius	The Company is holding investments in Global Environment Management (FZC), Samvardhana Motherson Global Holdings Ltd., MSSL Global RSA Module Engineering Limited and Vacuform 2000 (Pty) Limited.	EUR	10	9
MATA Ireland MSSL Holding: 100% Country: Ireland	The Company has one aircraft which is used for passenger air transportation services.	EUR	1	1
Motherson polymers compounding solution Pvt Ltd MSSL Holding: 100% Country: India		INR	17	17
Motherson Innovations tech limited MSSL Holding: 100% Country: India		INR	-	22

** Amounts are below the rounding off norm adopted by the Company.*

Other detail about subsidiaries is explained in "Consolidated financials" section, which forms part of this report.

Other than wholly owned subsidiaries:

The Company has following joint venture subsidiaries which are consolidated:

List of Subsidiary consolidated into the Company directly	Nature of business	Currency	Revenue 2018-19 in million	Revenue 2019-20 in million
MSSL Australia Pty. Ltd. MSSL Holding: 80% Country: Australia	The Company is a holding Company and corporate office providing support to the Australian entities. During the year MSSL (S) Pte Ltd. sold the holding in MSSL Australia Pty. Ltd. to MSSL Mauritius Holdings Ltd.	AUD	1	1
MSSL Investment Pty. Ltd. MSSL Holding: 80% Country: Australia	Providing land and building on lease at Bendigo to its fellow subsidiary Motherson Elastomers Pty Ltd.	AUD	-	-
Motherson Elastomer Pty Ltd MSSL Holding: 80% Country: Australia	Manufactures orbitread tyre compounds, conveyor belting rubber compounds, automotive component rubber compounds, weather strips, glass runs, boot and hood seals, tank straps, rubber flares, bonded components, suspension bushes, engine and transmission mounts, bump stops, large engine gaskets, silent blocs, industrial mountings and couplings, auto and truck suspension components. MEPL caters to the automotive, mining, tyre retreaders, construction, defense and rail industries.	AUD	52	50
Vacuform 2000 (Pty) Limited MSSL Holding: 51% Country: South Africa	Manufacturing of Vacuum-forming, thermo-formed products, polyurethane moulded products and blow moulded products majorly for automotive industry. The Company supplies components to all the leading automotive OEMs present in the region.	ZAR	202	171

List of Subsidiary consolidated into SMRPBV	MSSL Holding 2019-20	Country	Name of JV Partner/ Minority shareholder	Currency	Revenue in million	
					2018-19	2019-20
Re-Time Pty Limited	71.40% from August 08, 2019. Prior to that the Group had 28.6% share holding	Australia	Scientists	AUD	0.4	0.4
Motherson Ossia Innovations LLC	51%	USA	Ossia Inc.	USD	-	-
Changchun Peguform Automotive Plastics Technology Ltd (CPAT) (including step down subsidiaries)	50%	China	Changchun Automotive Trim Co. Ltd (CAIP)	CNY	259	263
Celulosa Fabril (Cefa) S.A. (includes Modulos Rivera Alta S.L.U.)	50%	Spain	Blanchard Family	EUR	110	151
Yujin SMRC Automotive Techno Corporation	50.9%	S. Korea	Yujin	KRW	95,782*	121,458

* For the period from August-2018 to March-2019

List of Subsidiary consolidated into PKC	Nature of Business	MSSL Holding 2019-20	Country	Name of JV Partner	Currency	Revenue in million	
						2018-19	2019-20
Jiangsu Huakai-PKC Wire Harness Co., Ltd.	Design, develop and manufacturing of Wiring Harness including components for automobile industry	50%	China	Jiangsu Huakai Wire Harness Co., Ltd	CNY	578	679
PKC Vehicle Technology (Hefei) Co, Ltd.	Design, develop and manufacturing of Wiring Harness including components for automobile industry	50%	China	Hefei Jianghuai Automobile Co., Ltd.	CNY	545	565
Shangdong Huakai-PKC Wire Harness Co., Ltd.	Design, develop and manufacturing of Wiring Harness including components for automobile industry	50%	China	Jiangsu Huakai Wire Harness Co., Ltd	CNY	31	167

The impact of minority interests for these entities, including SMRP BV which is held 49% by Samvardhana Motherson International Limited is ₹ 1,244 million compared to ₹ 4,850 million in previous year

Joint Ventures Consolidated by Company:

The Company has following joint ventures which are accounted using equity method:

Joint Ventures	Nature of business	MSSL Holding 2019-20	Country	Joint Venture Partner	Currency	Revenue in million	
						2018-19	2019-20
Kyungshin Industrial Motherson Ltd.	Wiring harness for Hyundai Motor India Ltd. And Kia Motors India.	50%	India	Kyungshin Corporation (KIC), South Korea	INR	13,834	16,053
Calsonic Kansei Motherson Auto Products ltd.	Manufacture of climate- control systems including HVAC modules, compressors, body control modules and meters clusters for the automotive industry.	49%	India	Calsonic Kansei, Japan	INR	4,255	4,829
Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. (through SMR) Includes Chongqing SMR Huaxiang Automotive Products Limited & Tianjin SMR Huaxing Automotive Parts Co Limited)China	Manufacture of automotive mirrors, filler caps, exterior door handles.	50%	China	Between Ningbo Huaxiang Electronic Co., Ltd, and SMR Automotive Mirror Systems Holding Deutschland GmbH	CNY	1,279	1,288

Joint Ventures	Nature of business	MSSL Holding 2019-20	Country	Joint Venture Partner	Currency	Revenue in million	
						2018-19	2019-20
Eissmann SMP Automotive Interieur Slovensko s.r.o (through SMP Deutschland GmbH)	Supplier of high-quality leather interior equipment. It is one of the world's leading manufacturers of high-quality control panels, trim panels and complete vehicle interiors, and works with almost all major automotive manufacturers.	49%	Germany	Eissmann Automotive Slovensko s.r.o.	EUR	43	43
Hubei Zhengao PKC Automotive Wiring Company Ltd.	Manufacturing and supply of wiring harness	40%	China	Hubei Zhengao Auto Accessories Group Co., Ltd.	CNY	486	479

The Company's share in net profit of associates and joint ventures is INR 574 million in FY 2019-20 as compare to INR 1,131 million in FY 2018-19.

RISK MANAGEMENT

Mitigating risks from all directions is one of the challenges that the Company targets. Risks are an integral part of business growth, but not all risks are created equal. Management and mitigation efforts must be calibrated according to the likelihood of exposure and the potential downside from an incident. The Company is exposed to various risks within each of its business segments and products.

The Company has a global presence and decentralised management structure. At the Macro level the Company is exposed to risks associated with global organisations and automotive industry in particular. However, because of the decentralized structure risks are managed at the plant level making it imperative to have an organised risk management system. The first step in creating an effective risk-management system is to understand the qualitative distinctions among the types of risks that organizations face. The Company has set up a Risk Management Committee (RMC) at the board level to periodically review operating, financial, regulatory and strategic risks in the business and their mitigating factors.

RMC has formulated Risk Management Policy for the Company which was approved by the Board. The RMC takes into account a holistic understanding of the risks that can potentially impact the operations, as well as takes actions on how to effectively mitigate those risks to protect their assets and to keep operations running smoothly. The policy formulated outlines the risk management framework to help minimise the impact of uncertainty on the Company's strategic goals. The framework enables a structured and disciplined approach to risk management. The guidelines developed cover risk controlling and the use of financial instruments. These guidelines contain a clear allocation of duties. Risks are controlled and monitored by means of operational and financial measures.

During the regular management meetings at all management levels, opportunities, risks and optimisation measures are reviewed in detail. Any exceptional situations having potential risks are identified and treated at the early stage to minimize their impact on financial and income positions.

The Risk Committee reviews various risks along with mitigation plans as well as likelihood and impact analysis in the following categories:

- Operational Risks, with internal and external risks
- Regulatory risks
- Financial and Accounting Risks
- I.T. and Information Security Risks ; and
- Strategic Risks

Details about all the risks is explained in "Financial Risk Management" section of financials and Risk Management Committee are set out in the Board's Report, which forms part of this report.

INTERNAL CONTROL SYSTEMS

Robust internal control processes form the best practices of MSSL. With its wide global reach across 41 countries, the company needs to build systems and processes that are uniform in their approach and contribute in making the foundation of the organization stronger. The Company invests sizeable resources to ensure that internal control processes meet the best practices.

Over time the Company has built systems of internal control which are in syncronised to its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company has periodic internal audits in collaboration with independent internal auditors to carry out both system and financial audit of its activities. The Audit Committee of the Board of Directors, comprising of independent directors reviews the audit plans, significant audit findings and adequacy of internal controls at regular intervals, details of which have been provided in the corporate governance report. Suggestions for improvement are considered and the Audit Committee follows up on corrective action.

During the year, the company has introduced a new tool to further strengthen internal audit function of the company. The tool uses the modern techniques of data analytics for the internal audit purpose and thus have enhanced the depth, coverage and sharpness of the internal audits. The Audit Committee reviews the suggestions for improvement and gets the corrective actions implemented wherever necessary. The Company has also identified various business risks and laid down necessary procedures for mitigation of the same. Another important role of the committee is ensuring statutory compliances are adhered to at every location and these are monitored regularly.

Management has assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015 applicable on Indian entities) as on March 31, 2020

HUMAN RESOURCE

The human capital is the most precious asset of any organization. Motherson Sumi Systems Limited has a strong and diverse workforce where every employee is involved as "partners in progress" of the Company. The intangible asset comprises of all the competencies of the people within the organisation in terms of education, experience, potential and capacity. The huge diversity in MSSL's global workforce is all brought together by the common thread of inclusive growth and an unwavering commitment to the overall organisational vision.

MSSL believes that its employees are ambassadors who play a crucial role in building the brand. The unmatched commitment and ownership that employees have towards the organisation has translated in the growth of the company over the years. With the right support and encouragement, engaged and connected employees can go a long way in strengthening a powerful brand.

MSSL is a multinational, people-centric enterprise focusing on continual improvement. From ensuring occupational well-being to overall development, we take the onus of safeguarding the best interests of our workforce.

Training and development of employees

MSSL believes that the conscientious development of its employees through training and mentoring enables them to become dynamic professionals who provide high-quality service. Thus, we hire candidates who are willing to succeed and nurture them into a valuable resource.

A manufacturing firm needs tenacious employees who possess a willingness to succeed. We shoulder the responsibility of transforming our recruited candidates into a MSSL employee by familiarising them with the culture, values and practices of the company. Training programmes are so designed that help employees meet personal and professional goals. For us, skills are the stepping stones to achieving quality improvements. The employees, regardless of the office they hold, are enrolled for several skill-development programs from time to time. We have happily invested several man hours of class room training designed specifically to enhance memory and quick decision-making. Furthermore, to augment the skills of trained staff, web based e-learning platform has been developed and deployed across the organization to ensure comfortable learning at their workstation.

To promote competitiveness in our employees, we regularly organise **'Skill Competitions.'** Such activities instil the fervour of achievement and motivate them to bring finesse in their work by focusing on their skills and sharpening them through constant practice.

Intrinsic factors like accomplishment, recognition, and growth have the strongest correlation to high employee engagement and satisfaction. Employees seek challenging assignments to achieve self-actualisation and we reciprocate by responding to their professional aspirations. Our internal job postings, Quality Circles activities, Kaizens, innovation and suggestion schemes present a plethora of growth opportunities for them.

This is a conscious investment made by MSSL to boost the organisation's productivity and performance.

Creating a performance culture, working towards a common Vision.

We believe in the philosophy of 'Delivering Results by Developing People'. We firmly abide by this philosophy and reckon that Employee Involvement and Leadership delivers business results. One such result-oriented and developmental activity is QC (Quality Circles).

QC promotes innovative project ideas, implementations and teamwork. MSSL is successfully involving and evolving employees since '99 in this movement. Quality Circles facilitate an efficient demonstration of our employees' capabilities through collective problem-solving. This training on QC concepts enhances their work related knowledge and enables them to become proficient problem solvers and prepares them for handling higher responsibilities. Since QCs focus on the problems related to their work area, it reduces problems at the workplace and improves the quality of work life.

Currently, there are 1370 Quality Circles actively operating within the Motherson Group. 3,646+ quality projects have been completed by the Quality Circles within the group, out of which 670+ teams from MSSL and its various subsidiaries have completed 1,847+ Quality projects during the year.

Quality Circle Conventions are organised from time to time where the employees showcase their ideas and projects. This is our way of celebrating and rewarding innovation. Quality Circle activities help in fostering a culture with positive employee involvement, working towards one vision- To be a globally preferred solutions provider.

We live by the spirit of BY-BY (By Yourself, Better Yourself), we believe in raising the bar bit by bit and challenging ourselves to achieve new milestones. In line with this, we organise Annual Innovation Awards, Kaizen Competitions, and Quality Month Celebrations to underscore the culture of continuous improvement along with improved metrics and indices.

A considerable amount of work is being done towards harbouring the culture of 'trust and transparency' by following the Open Door Policy. 'WE-Listen' is an all-encompassing platform of the management that extends to the realms of establishing a system of fair practices and guiding principles for all employees to abide by. Employee centric policies have also been laid down to ensure a safe and secure working environment for all the employees.

We treat 'Meritocracy' as the only criteria to grow in the organization.

MSSL is not only an organization for its employees but is also their second home. Employees who join the organisation, find themselves amid an ocean of opportunities. They know that the only limitation to growth is the one they set for themselves. We boast of many success stories of our employees who have risen in the ranks and now hold significant leadership positions in the organisation.

Each employee of the organisation is proud to be part of the Motherson family who believes in achieving a series of small things to create a greater impact.

Integrating human rights into business

MSSL subscribes to the principle that every human being has the right to be treated with dignity, fairness and respect. The company upholds dignity, fundamental freedoms and human rights of employees, business partners and communities in which it operates.

Guided by Motherson values and beliefs and in accordance with internationally recognized standards of conduct, the organisation is committed to ensuring compliance and facilitating in creating an atmosphere that protects the Human and Labour Rights. The company believes in providing equal opportunity principles across its diverse workforce spread across 41 countries. Diversity in the workplace includes all differences that define each of us as individuals including; culture, ethnicity, race, gender, nationality, age, religion, disability, sexual orientation, education, opinions and beliefs. By understanding, respecting and valuing these differences we emerge a stronger and better organisation.

MSSL Responsiveness for all Stakeholders during COVID-19

As mentioned earlier, MSSL is a people-centric company. We believe in taking charge in adverse situations and turning uncertainties into opportunities. Although the ripples of COVID-19 are being felt across the globe, our people have managed to stay focused in these testing times. We are not just surviving the pandemic; we are also committed to thriving. We formed response task teams who were focused on the tasks that needed to be done. These teams ensured continuous employment activities to stay connected and remained resilient during the whole situation. We envision strengthening our position further against the backdrop of upcoming challenges and we stand together to deal with this situation with flexibility, resilience, faith and determination.

We are proud of our team who worked round the clock to set up the assembly line in our plant to assemble ventilators during the lockdown. This was done to support the maker on behalf of our customer to achieve higher production numbers. Our plants also used this time to prepare themselves for making masks and shields as preventive actions against the spread of pandemic.

The well-being of the employees and their families is a priority for the organisation and all locations/facilities have taken all the necessary steps to ensure safety while respecting the guidelines and mandates of local and global regulations.

The pandemic has taught us to work remotely across regions and countries. This experience will translate into savings in travel time, travel costs and increased productivity in the future. Our employees have shown tremendous responsiveness and flexibility in this crisis. They all are adapting to this new normal to bounce back quickly.

The response task force teams also worked day-in and day-out to define the operating procedures for plant resumption globally and everyone came together to ensure strict compliance to laid down norms by the various governments and adhering to it. They prepared a plan for resuming production in the plants taking into consideration all precautionary measures.

As an organisation we worked towards raising awareness among employees about safe work practices. We set up disinfection routines across all our plants globally. We also provided sanitisers and body temperature checks daily and ensured social distancing in all our operating locations.

All the plants/facilities are well-informed about the actions needed to be carried out in case of an illness irrespective of the fact whether the employee has fallen sick inside the premises or not. Our direct response to address the effects of COVID-19 is tailored to the specific and most urgent needs of our employees recognising different factors to contain the spread of the virus.

Large-scale attitudinal and space alterations have also been done in the workplace. We are encouraging our employees to go virtual with their meetings.

We are bound to face challenges in the coming time, but we are poised to overcome all the challenges with our 'Never Give Up Attitude'.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Environment, Health & Safety (EHS) have always been a priority for MSSL and achieving excellence in health, safety and environmental matters is a company-wide responsibility. These values form part of the company's culture and are shared by employees at all levels and assignments and in all initiatives in which the company participates. They also demonstrate our commitment to being a responsible corporate citizen, proactively shouldering both social and economic responsibilities.

Every company of Motherson has its distinctive EHS policy that focuses on providing a safe and healthy workplace, complying with all regulations and adopting measures for the preservation and protection of the environment.

Environment Responsibility

Various initiatives are taken to protect the environment and encourage the development of environmental-friendly technologies across the product segments of MSSL. The company is gradually shifting its focus on reducing its carbon footprint worldwide by its ongoing innovations and technologies. MSSL is committed to eliminating waste - the continuing development of technologies that save energy, water and other resources, and which are characterized by minimal emission controls, reuse and recycling strategies.

MSSL complies with regulations and advocates progressive environmental policies as part of its corporate responsibility. Most of the units are accredited with ISO 14001. It also aims to comply with all applicable environmental legislations to prevent pollution and minimize environmental damage occurring as a result of its activities.

With countries across the globe gasping for good-quality air, trees are a ray of hope for a sustainable future. The drive to 'Go Green' has always been big at MSSL, a fact that can be validated by the grandeur of our Environment Day celebrations across the globe. The events witness a large number of employee participation, indulging in activities that generate awareness and are also a call for action for protecting the environment.

In its endeavor to become a 'Green Manufacturer', MSSL has explored and adopted the alternative energy source-'Solar Power'. Solar is a clean, renewable source of energy that can help reduce carbon dioxide emissions and lower the adverse impacts on the environment. MSSL has successfully implemented the solar panel at its facilities in Noida, India. This is a major step towards sustainability and going forth we plan to implement the same across many of our facilities.

MSSL has constantly been emphasizing on optimization of energy conservation in every possible area. The organization has gradually shifted to LED lights in order to save energy at various plant and units of the company.

Initiatives taken for water conservation are rainwater harvesting and STP for water treatment which displays the organisation's environment stewardship.

We believe in doing our bit by judiciously consuming the limited natural resources and also minimizing our dependence on fossil fuels.

Social Responsibility

Safety is the way of life at MSSL. MSSL ensures that employees have a healthy and safe working environment that meets or exceeds applicable standards for occupational health and safety. The work environment ensures that employee safety is maximized, creating an environment to allow employees to achieve pre-determined objectives with the lowest possible level of risk of injury.

Responsible and effective standards and work practices that prevent risk to human health and the environment add significant shareholder value. This demands a structured approach to the identification of hazards and the evaluation and control of work-related risks. The value is created by reducing risks, liabilities and costs at all levels and also ensuring employee health and safety. The approach followed by MSSL is to pre-empt and prevent or mitigate both human and economic losses arising from accidents, adverse occupational exposures, and environmental events.

We are committed to ensuring a safe and secure workplace for our employees that forms the foundation of higher productivity and quality delivery to our end customers. Safety is non-negotiable for us and we are committed to propagating a culture of safety through meetings, committees, commitment boards, awareness sessions, promotional activities, walkthroughs etc.

Following the DNA of Motherson, we consider safety as our pinnacle precedence and as a team, department and organisation we are committed to creating an accident-free workplace. We have diligently incorporated safety at every level of our operation, seamlessly merging it with the 4 M's of Manufacturing – Man, Machine, Material and Method across all our processes. We are always prepared to tackle any contingency and have cultivated a holistic approach to ensure safety on the shop-floor and within the office premises. We follow the PDCA cycle to corroborate that there is no compromise on safety parameters.

To instill this very safety culture in all our employees, various promotional activities are carried out throughout the year, ranging from safety week celebration, road safety observance, and incident-free days celebrations etc. During these campaigns, a myriad of activities such as safety camps, training, mock drills, quizzes, poster making competitions, slogan writing competitions, plays and awareness sessions are organized to further induce the importance of safety in one and all. This helps infuse energy and confidence in employees and motivates them to exercise greater caution and exhibit complete conformance with all safety procedures.

At MSSL, we are driven by our guiding principles of QCDDMSES, which form the core elements of our foundation. These elements are grounded in the concept of sustainability for all our stakeholders. From being a "green" Company to embracing our diversity to caring for the communities in which we operate and where our employees live, MSSL strives to operate with the highest degree of ethical and professional conduct.

OPPORTUNITIES AND FUTURE PROSPECTS

The coronavirus outbreak has heavily impacted the automotive industry in FY 2019-20. Manufacturers have yet to return to full production capacity in different parts of the globe. This is likely to have a heavy impact on both car and component manufacturers. As the effects of the pandemic start to wane and the industry begin to recover, OEMs will explore various options to offset the drop in sales and attract consumers. Personal mobility modes are expected to make a strong comeback which includes two-wheelers. The sale of this segment is likely to surge.

Also, the pandemic has created a need for automobile manufacturers to focus on health and wellness solutions in vehicles. In the near future, innovation and technology will transform vehicles to more than just a means of transport.

Vision 2025

This year, MSSL launches its sixth five-year plan. The five-year plan is an important tool for MSSL, to bring together the entire organisation and to focus on a common goal.

Vision 2025 contains four key objectives, namely to achieve:

- USD 36 billion revenues in 2024-25 with 40% ROCE (consolidated)
- 3CX10: No country, customer or component should contribute more than 10% to our revenue
- 75% of revenues from automotive industry, 25% from new divisions
- 40% of consolidated profit as dividend

For MSSL the financial outcome is always the result of creating value for others. MSSL would continue to focus further expanding its product portfolio, increasing the content per car, building on future technologies and identifying opportunities and industry trends for being future ready. This drive to deliver more to the industry, thereby catering to the needs of the end-user, has helped MSSL position itself as a globally preferred solution provider to all its customers globally.

Calculation of Key Indicators (Ratio Analysis)

EBITDA	Profit before exceptional items, share of net profit of investments accounted for using equity method and tax + Finance costs + Depreciation and amortization expense - interest income - dividend income
Trade Receivable Turnover (days)	(Opening Trade receivables + Closing Trade receivables)/2 ÷ (Net Sales/360)
Inventory Turnover (days)	(Opening Trade Inventory + Closing Trade Inventory)/2 ÷ (Net Sales/360)
Interest Coverage Ratio**	(Profit before tax + Finance costs + Depreciation and amortization expense + Exceptional items (income)/ expense) ÷ Finance Costs
Current Ratio	Total current assets ÷ Total current liabilities
Debt Equity Ratio	Gross Debt (Noncurrent borrowings + Current borrowings + Current maturities of long term debt + Lease liabilities excluding additional amount recognised as per Ind AS 116) ÷ Total equity (Equity attributable to owners of the Company + Non-controlling interests(in case of Consolidated financials))
Operating Profit Margin**	100 X (Profit before tax + Finance costs + Exceptional items (income)/ expense) ÷ Net Sales
Net Profit Margin**	100 X Profit attributable to Owners ÷ Net Sales
Net Debt to EBITDA**	Net Debt (Gross Debt - (Cash and cash equivalents + Other bank balances*) ÷ (Profit before tax + Finance costs + Depreciation and amortization expense + Exceptional items (income)/ expense)

**other than unpaid dividend*

*** excludes all impact of Ind AS 116 Leases*

Note:

1. In computation of comparative ratios, the impact of implementation of Ind AS 116 – Accounting of Leases has been reversed, i.e. the lease expenses is not considered as part of other expenses and interest, depreciation & debt do not include impact of lease accounting.
2. Reference to Accounting Standard Ind As 115 : The Company implemented Accounting Standard Ind AS 115 - Revenue from contracts with Customers from 1-4-2018 with modified retrospective approach. Consequent upon implementation of this standard, the Company, in certain contracts where the Company has limited risks, recognizes only service income as against earlier practice of recognizing full revenues gross of bought-out components.