NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

1. Corporate Information

Motherson Sumi Systems Limited (MSSL or 'the Company') was incorporated on December 19, 1986 and domiciled in India and is engaged primarily in the manufacture and sale of components to automotive original equipment manufacturers. The address of its registered office is Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra. The Company is a public limited company and is listed in the Bombay Stock Exchange and National Stock Exchange. The Company is a joint venture entity between Samvardhana Motherson International Limited (SAMIL) and Sumitomo Wiring Systems Limited, Japan.

The standalone financial statements were authorised for issue in accordance with a resolution of the Board of directors on June 02, 2020.

2.1 Significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time)and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statement.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments, refer note 37
- Certain financial assets and liabilities measured at fair value (refer note l below for accounting policy regarding financial instruments)
- Defined benefit pension plans – plan assets measured at fair value, refer note 21.

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The financial statements are presented in ₹ and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

(b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Foreign currencies

(i) Functional and presentation currency

The Company's functional currency is Indian Rupee (₹) and the financial statements are presented in Indian Rupee (₹).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges

Foreign exchange differences on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of components

Revenue from sale of components is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of components provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Revenue from assembly of components

The Company has contracts with customers to assemble, on their behalf, customised components from various parts procured from suppliers identified by the customer. The Company is acting as an agent in these arrangements.

When another party is involved in providing goods or services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company's role is only to arrange for another entity to provide the goods or services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

Revenue from development of tools

The Company develops customised tooling for its customers and recognises its revenue over time using an input method to measure progress towards complete satisfaction of the tool development.

The Company recognises revenue from development of tools over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation.

Where the Company cannot reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation

Determining the timing of satisfaction of tooling development

The Company concluded that revenue for development of tooling is to be recognised over time because the Company's performance does not create asset with an alternative use to the Company since the tools are customised for each customer and the Company has a legally enforceable right to payment of fair value for performance completed to date.

The Company determined that the input method is the best method in measuring progress of the tooling development because there is a direct relationship between the Company's effort (i.e., costs incurred) and the transfer of tooling to the customer. The Company recognises revenue on the basis of the total costs incurred relative to the total expected costs to complete the tool.

Principal versus agent considerations

The Company enters into contracts with its customers to assemble, on their behalf, customised components using various parts procured from suppliers identified by the customer. Under these contracts, the Company provides assembly services (i.e., coordinating the procurement of various parts from the identified suppliers and combining or assembling them into components as desired by the customer). The Company determined that it does not control the goods before they are transferred to customers, and it does not have the ability to direct the use of the component or obtain benefits from the component. The following factors indicate that the Company does not control the goods before they are being transferred to customers. Therefore, the Company determined that it is an agent in these contracts.

- The Company is not primarily responsible for fulfilling the promise to provide the specified equipment.
- The Company does not have inventory risk before or after the specified component has been transferred to the customer as it purchases various parts on just-in-time basis and only upon contract of the customer.
- The Company has no discretion in establishing the price for the specified component. The Company's consideration in these contracts is only based on the difference between the maximum purchase price quoted by the customer and the cost of various parts purchased from the suppliers.
- In addition, the Company concluded that it transfers control over its services (i.e., assembling the component from various parts), at a point in time, upon receipt by the customer of the component, because this is when the customer benefits from the Company's agency service.

Consideration of significant financing component in a contract

The Company develops customised tooling and secondary equipment's for which the manufacturing lead time after signing the contract is usually more than one year. This type of contract includes two payment options for the customer, i.e., payment of the transaction price equal to the cash selling price upon delivery of the tooling or payment of the transaction price as part of the component's selling price. The Company concluded that there is a significant financing component for those contracts where the customer elects to pay along with the component's selling price considering the length of time between the transfer of tooling and secondary equipment and the recovery of transaction price from the customer, as well as the prevailing interest rates in the market, if any.

In determining the interest to be applied to the amount of consideration, the Company concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are disclosed in Note 45.

Contract Assets

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables. The Company's contract assets are disclosed in Note 45 as Unbilled Receivables.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract Liabilities are disclosed in Note 45 as Advances received from customers.

Impairment

An impairment is recognised to the extent that the carrying amount of receivable or asset relating to contracts with customers (a) the remaining amount of consideration that the Company expects to receive in exchange for thegoods or services to which such asset relates; less (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

(d) Other income

Interest

Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Rental Income

Rental income arising from investment properties given on leases is accounted for on a straight-line basis over the lease terms unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in other income in the statement of profit and loss.

Dividend

Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the dividend.

Duty drawback and export incentives

Income from duty drawback and export incentives is recognized on an accrual basis.

Royalty income

Royalty income is recognized in Other operating income on an accrual basis in accordance with the substance of the relevant agreements.

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When government grants relating to loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(f) 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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 asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences 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 offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or 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.

Investment allowances and similar tax incentives:

The Company may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

(g) Leases

Pursuant to the notification by the Ministry of Corporate Affairs, The Company adopted IND AS 116 effective from April 1, 2019, prospectively using the modified retrospective method as mandated by Para C5(b) and Para C8(c)(ii) of IND AS 116. Accordingly, the Company has not restated comparative information and there is no cumulative effect of initially applying this Standard to be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (h) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Lease liabilities, which separately shown in the financial statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Key assumptions that the Company is applying for implementing the standard are as follows:

Terms: For each contract, the Company reviewed the renewal and the early termination options within the term of the arrangement and determined, after taking into account all the relevant facts and circumstances, what would be the date at which the Company reasonably expects the contract to be terminated. For certain categories of leased assets, (mainly vehicles), the Company assesses that there is no reasonably certain extension option, consequently the duration selected coincides with the first term of the lease contract. For real estate lease arrangements, the Company defines the reasonable end date of the contracts, while taking into account the renewal and early termination options stated in the agreements, in line with the asset's expected period of use.

Discount rates: The Company determined discount rates reflecting each subsidiary's specific credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability. For the transition the incremental borrowing rate used is the rate applicable to the residual terms of the contracts. For contracts previously classified as finance leases the Company has recognised the carrying amount of the right of use assets and lease liability at the date of initial application.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

(h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(i) Cash and cash equivalents

Cash and cash equivalent includes cash on hand, cash at banks and short term deposits 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 change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(j) Inventories

Raw materials, stores and spares, work in progress, stock in trade and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material and traded goods comprise cost of purchase and is determined after rebate and discounts. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Debt instruments at amortised cost

This category is the most relevant to the Company. A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income in statement of profit and loss using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. The Company elected to classify irrevocably its non-listed equity investments under this category.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b. Financial assets that are debt instruments and are measured as at FVTOCI

c. Lease receivables under Ind AS 116

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

e. Loan commitments which are not measured as at FVTPL

f. Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS116.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability. Debt instruments measured at FVTOCI: For debt instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the 'accumulated impairment amount"

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings and other payables.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in statement of profit and loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 2.2, 36 and 37)
- Quantitative disclosures of fair value measurement hierarchy (note 36)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 6,7, 8, 9, 13,17,18, 19, 36 and 37).

(m) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

The Company has an interest rate swap that is used as a hedge for the exposure of changes in the fair value. See Note 37 for more details.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(n) Property, Plant and equipment

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress are stated at cost, net of accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items and the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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 willflow to the Company and the cost of the item can be measured reliably. The carrying amount of thereplaced part is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

The cost of self-generated assets comprises of raw material, components, direct labour, other direct cost and related production overheads.

Depreciation methods and useful lives

Depreciation is calculated using the straight-line method over estimated useful lives of the assets:

Assets	Useful lives (years)*
Leasehold improvements	Over the period of lease or useful life, whichever is lower
Buildings	30 years
Plant & Machinery:	
Plant & Machinery	7.5 years
Die & Moulds	6.17 years
Electric Installation	10 years
Furniture & fixtures	6 years
Office equipment	5 years
Computers:	
Server & Networks	3 years
End user devices, such as desktops, laptops, etc.	3 years
Vehicles	4 years

*Useful life of certain assets are different than the life prescribed under Schedule II to the Companies Act, 2013 and those has been determined based on technical evaluation by the management. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(o) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company depreciates building component of investment property over 30 years.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in notes 4.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(p) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful live of intangible assets are as follows:

Asset	Useful lives (years)
Software	3 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Cost incurred by the Company for Research and Development do not meet the recognition criteria and hence have been classified as research costs and are expensed of in the statement of profit and loss as and when these are incurred.

The amortisation methods, the usual useful lives and the residual values of intangible assets are checked annually.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(r) Provisions and contingent liabilities

Provisions

Provisions for legal claims, product warranties and other obligations 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Company at the end of every reporting period conducts the onerous contract test per the provisions of Ind AS 37 by comparing the remaining costs to be incurred under the contract with the related revenue of the contract. Where the costs of a contract exceed the related revenue of the contract, the Company makes a provision for the difference.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(s) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Provident Fund & Employee State Insurance

Contribution towards provident fund and employee state insurance for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Superannuation fund

The Company has a superannuation plan for the benefit of its employees. Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The Company contributes up to 12% of the eligible employees' salary or 100,000 / 150,000, whichever is lower, every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligations beyond this contribution.

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Company is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company's Gratuity Scheme whereas others are not funded.

The liability or asset recognised in the balance sheet in respect of defined benefit 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 Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in statement of profit and loss.

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss in the period in which they arise. Past-service costs are recognised immediately in statement of profit and loss.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) 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 ordinary shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(v) Changes in Accounting policies

Ind AS 116Lease

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company as lessee uses the following practical expedients of IND AS 116 at the date of initial application:

- With leases previously classified as operating leases according to IND AS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by incremental borrowing rate at April 1, 2019. The respective right -of-use asset is generally recognized at an amount equal to the lease liability.
- An impairment review is not performed. Instead, a right-of-use asset is adjusted by the amount of any provision for onerous leases recognized in the Statement of Financial Position at March 31, 2019.
- Regardless of their original lease term, leases for which the lease term ends at the latest on March 31, 2020 were recognized as short-term leases.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, there are no significant judgements established by the management.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Useful life of property, plant and equipment and investment properties

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

(ii) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment defined benefits are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligations are given in **Note 21**

(iii) Fair valuation of unlisted securities

When the fair value of unlisted securities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. **Refer Note 36 of the financials.**

(iv) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(v) Percentage completion of recognition of revenue

The Company uses the percentage-of-completion method in accounting for 'development of tools' contracts. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

3(a) Property, plant and equipment

Particulars	Leasehold Land Refer note (v)	Freehold Land	Leasehold Improvements	Buildings	Plant & Machinery Refer note (iv)	Furniture & fixtures	Office equipments	Computers	Vehicles	Total	Capital work in progress
Year ended March 31, 2019											
Gross carrying amount											
As at April 01, 2018	1,281	1,091	105	7,017	10,386	118	165	269	51	**20,483**	922
Additions	273	-	-	243	1,923	87	45	105	22	**2,698**	1,994
Disposals	-	-	-	-	(45)	-	(2)	-	(15)	**(62)**	-
Transfer / Other adjustment	104	(104)	-	746	1,192	-	-	-	-	**1,938**	(2,009)
Closing gross carrying amount	**1,658**	**987**	**105**	**8,006**	**13,456**	**205**	**208**	**374**	**58**	**25,057**	**907**
Accumulated depreciation											
As at April 01, 2018	41	-	49	727	4,721	62	80	138	21	**5,839**	-
Depreciation charge during the year	18	-	13	281	1,700	26	33	93	13	**2,177**	-
Disposals	-	-	-	-	(32)	-	(2)	(1)	(11)	**(46)**	-
Other adjustment	-	-	-	-	-	-	-	-	-	**-**	-
Closing accumulated depreciation	**59**	**-**	**62**	**1,008**	**6,389**	**88**	**111**	**230**	**23**	**7,970**	**-**
Net carrying amount	**1,599**	**987**	**43**	**6,998**	**7,067**	**117**	**97**	**144**	**35**	**17,087**	**907**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

Particulars	Leasehold Land Refer note (v)	Freehold Land	Leasehold Improvements	Buildings	Plant & Machinery Refer note (iv)	Furniture & fixtures	Office equipments	Computers	Vehicles	Total	Capital work in progress
Year ended March 31, 2020											
Gross carrying amount											
As at April 01, 2019	1,658	987	105	8,006	13,456	205	208	374	58	**25,057**	907
Additions	-	-	4	683	827	24	31	57	10	**1,636**	1,004
Disposals	-	-	-	-	(31)	(1)	(8)	(21)	(27)	**(88)**	-
Reclassification on account of Ind AS 116	(1,658)	-	-	-	-	-	-	-	-	**(1,658)**	-
Transfer / Other adjustment	-	-	-	192	816	-	0	0	0	**1,008**	(1,008)
Closing gross carrying amount	**-**	**987**	**109**	**8,881**	**15,068**	**228**	**231**	**410**	**41**	**25,955**	**903**
Accumulated depreciation											
As at April 01, 2019	59	-	62	1,008	6,389	88	111	230	23	**7,970**	-
Depreciation charge during the year	-	-	13	324	1,799	32	33	89	15	**2,305**	-
Disposals	-	-	-	-	(26)	(1)	(8)	(21)	(24)	**(80)**	-
'Reclassification on account of Ind AS 116	(59)	-	-	-	-	-	-	-	0	**(59)**	-
Closing accumulated depreciation	**-**	**-**	**75**	**1,332**	**8,162**	**119**	**136**	**298**	**14**	**10,136**	**-**
Net carrying amount	**-**	**987**	**34**	**7,549**	**6,906**	**109**	**95**	**112**	**27**	**15,819**	**903**

(i) Refer to note 44 for information on property plant and equipment pledged as security by the Company.

(ii) Contractual obligations: Refer to note 42 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

(iii) Capital work-in-progress: Capital work-in-progress mainly comprise plant & machinery, building and furniture.

(iv) Includes depreciation of ₹ 11 million (March 31,2019: ₹ 9 million) capitalized during the year on assets used for the creation of self generated assets. (Refer Note. 32)

(v) Leasehold land represents land obtained on long term lease from various government authorities and considered as finance lease. (Refer note 46).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

3(b) Right-of-use assets

Particulars	Land Refer note (i)	Buildings	Vehicles	Total
Year ended March 31, 2020				
Gross carrying amount				
Recognised as at April 01, 2019	90	493	340	**923**
Reclassification on account of Ind AS 116	1,658	-	-	**1,658**
Additions (Refer note 40)	411	165	87	**663**
Disposals	-	-	(1)	**(1)**
Closing gross carrying amount	**2,159**	**658**	**426**	**3,243**
Accumulated depreciation				
Reclassification on account of Ind AS 116	59	-	-	**59**
Depreciation charge during the year	223	104	141	**468**
Disposals	-	-	-	**-**
Other adjustment	-	-	-	**-**
Closing accumulated depreciation	**282**	**104**	**141**	**527**
Net carrying amount	**1,877**	**554**	**285**	**2,716**

[(i)] The Company has recognised impairment loss amounting to ₹ 200 million. The impairment losses are included under 'Depreciation expense'.

4 Investment property

	March 31, 2020	March 31, 2019
Gross carrying amount		
Opening gross carrying amount	979	909
Add: Additions during the year	-	70
Less: Deletions during the year	7	-
Closing gross carrying amount	**972**	**979**
Accumulated depreciation:		
Opening balance	107	87
Add: Depreciation for the year [1]	122	20
Less: Deletions during the year	(4)	-
Closing accumulated depreciation	**225**	**107**
Net carrying amount	**747**	**872**

[1] The Company has recognised impairment loss amounting to ₹ 100 million. The impairment losses are included under 'Depreciation expense'.

(i) Amounts recognised in profit or loss for investment property:

	March 31, 2020	March 31, 2019
Rental Income	19	25
Direct operating expenses from property that did not generate rental income	(1)	(1)
Profit from investment property before depreciation	**18**	**24**
Depreciation	122	20
Profit / (loss) from investment property	**(104)**	**5**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

(ii) Contractual obligations:

Refer note 42 for disclosure of contractual obligation towards purchase of investment property.

(iii) Leasing arrangements:

Certain investment properties are leased to tenants under long-term and short-term cancellable operating leases with rentals payable monthly.

(iv) Fair value:

	March 31, 2020	March 31, 2019
Investment property	1,912	1,862

Estimation of fair value

The fair values of investment properties have been determined by independent valuer. The fair valuation is based on prevailing market prices/ price trend of the property in that locality/ city considering the location, size of plot, approach road, amenities, locality etc.

5 Intangible assets

	Software
Year ended March 31, 2019	
Gross carrying amount	
As at April 01, 2018	17
Closing gross carrying amount	**17**
Accumulated amortisation	
Opening accumulated amortisation as at April 01, 2018	13
Amortisation charge during the year	4
Closing accumulated amortisation	**17**
Net carrying amount	**0**
Year ended March 31, 2020	
Gross carrying amount	
As at April 01, 2019	17
Closing gross carrying amount	**17**
Accumulated amortisation	
As at April 01, 2019	17
Amortisation charge during the year	-
Closing accumulated amortisation	**17**
Net carrying amount	**0**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

6 (a) Non-Current investments

	March 31, 2020	March 31, 2019
Investment in subsidiaries, joint ventures and associate		
(Unquoted instruments valued at cost unless stated otherwise)		
Investment in Subsidiaries :		
MSSL Mauritius Holdings Limited		
37,820,080 (March 31, 2019: 37,820,080) equity shares of EUR 1 each fully paid-up	2,284	2,284
Net of provision for other than temporary diminution aggregating to ₹ 70 million (March 31, 2019 : ₹ 70 million)		
MSSL Mideast (FZE)		
1 (March 31, 2019: 1) equity share of AED 150,000 equivalent to EUR 46,875 each fully paid-up	2	2
44,170,000 (March 31, 2019: 44,170,000) equity shares of EUR 1 each fully paid-up	3,111	3,111
50,000,000 (March 31, 2019: 50,000,000) equity shares of EUR 1 each fully paid-up at a premium of EUR 2.60 per share	12,719	12,719
Add: Effective portion of fair value hedge (refer note 37)	1,885	1,092
Motherson Electrical Wires Lanka Private Limited		
1,456,202 (March 31, 2019: 1,456,202) equity shares of LKR 10 each fully paid-up	7	7
MSSL (S) PTE Limited		
20,554,700 (March 31, 2019: 20,554,700) equity shares of SGD 1 each fully paid-up	960	960
Samvardhana Motherson Polymers Limited		
522,750 (March 31, 2019: 522,750) equity shares of ₹ 10 each fully paid-up	5	5
1,351,500 (March 31, 2019: 1,351,500) equity shares of ₹ 10 each fully paid-up at a premium of ₹ 190 per share	270	270
46,920 (March 31, 2019: 46,920) equity shares of ₹ 10 each fully paid-up at a premium of ₹ 2,300 per share	108	108
510 (March 31, 2019: Nil) equity shares of ₹ 10 each fully paid-up at a premium of ₹ 4,990 per share	3	-
SMR Automotive Systems India Limited		
6,712,990 (March 31, 2019: 6,712,990) equity shares of ₹ 10 each fully paid-up	67	67
Motherson Innovations Tech Limited (formerly known as MSSL Automobile Component Limited)		
50,000 (March 31, 2019: 50,000) equity shares of ₹ 10 each fully paid-up	1	1

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

	March 31, 2020	March 31, 2019
MSSL (GB) Limited		
203,422,924 (March 31, 2019: 203,422,924) equity shares of GBP 1 each fully paid-up at a premium of GBP 0.50 per share. (These shares are pledged against borrowings, for further details refer note17(a) and note 44)	24,705	24,705
Motherson Polymers Compounding Solution Limited		
9,000,000 (March 31, 2019: 9,000,000) equity shares of ₹ 10 each fully paid-up	8	8
(A)	**46,135**	**45,339**
Investment in joint ventures :		
Kyungshin Industrial Motherson Limited		
17,200,000 (March 31, 2019: 17,200,000) equity shares of ₹ 10 each fully paid-up	86	86
Calsonic Kansei Motherson Auto Products Limited		
30,930,836 (March 31, 2019: 30,930,836) equity shares of ₹ 10 each fully paid-up	400	400
(B)	**486**	**486**
Investment in Associate :		
Saks Ancillaries Limited	11	11
1,000,000 (March 31, 2019: 1,000,000) equity shares of ₹ 10 each fully paid-up		
(C)	**11**	**11**
Total Investment in subsidiaries, joint ventures and associate (A+B+C)	**46,632**	**45,836**
Equity investments at FVOCI		
Unquoted		
Motherson Sumi INfotech & Designs Limited		
1,200,000 (March 31, 2019: 1,200,000) equity shares of ₹ 10 each fully paid-up	185	185
Echanda Urja Private Limited		
120,645 (March 31, 2019: 120,645) equity shares of ₹ 10 each fully paid-up	1	1
Tulsyan NEC Limited		
Nil (March 31, 2019: 63,750) equity shares of ₹ 30 each fully paid-up	-	2
(D)	**186**	**188**
TOTAL (A+B+C+D)	**46,818**	**46,024**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	46,888	46,094
Aggregate amount of impairment in the value of investments	70	70

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

6 (b) Current investments

	March 31, 2020	March 31, 2019
Investment in equity instruments at FVOCI		
Quoted		
HDFC Bank Limited	4	5
4,070 (March 31, 2019: 2,035) equity shares of ₹ 2 each fully paid up		
Balrampur Chini Mills Limited	0	0
1,200 (March 31, 2019: 1,200) equity shares of ₹ 1 each fully paid up		
JD Orgochem Ltd	0	0
100 (March 31, 2019: 100) equity shares of ₹ 10 each fully paid up		
Meyer Apparel Limited	0	0
28,475 (March 31, 2019: 28,475) equity shares of ₹ 3 each fully paid up		
Mahindra & Mahindra Limited	2	5
7,288 (March 31, 2019: 7,288) equity shares of ₹ 5 each fully paid up		
Arcotech Limited	0	0
1,000 (March 31, 2019: 1,000) equity shares of ₹ 2 each fully paid up		
Unquoted		
Pearl Engineering Polymers Limited	-	-
3,160 (March 31, 2019: 3,160) equity shares of ₹ 10 each fully paid up		
Daewoo Motors Limited	-	-
6,150 (March 31, 2019: 6,150) equity shares of ₹ 10 each fully paid up		
Athena Financial Services Limited	-	-
66 (March 31, 2019: 66) equity shares of ₹ 10 each fully paid up		
Inox Leasing & Finance Limited	-	-
100 (March 31, 2019: 100) equity shares of ₹ 10 each fully paid up		
Total current investments	**6**	**10**
Aggregate amount of quoted investments and market value thereof	6	10
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-

7 Loans

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Loans to related parties (Refer note 40 & 49)	0	125	14	-
Loans to employees	89	51	96	58
Total	**89**	**176**	**110**	**58**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

8 Trade receivables

	March 31, 2020	March 31, 2019
Unsecured, considered good	5,951	6,666
Trade receivables from related parties[1] (Refer note 40)	2,724	1,424
Unsecured, credit impaired	25	37
	8,700	**8,127**
Less: Allowances for credit loss	25	37
Total	**8,675**	**8,090**
[1] Includes receivables from companies in which Director of the Company is also a Director	194	276

Note 1: The Company has derecognised trade receivables amounting ₹ 1,010 million (March 31, 2019: ₹ 1,326 million) as it had transferred the contractual right and substantially transferred all risks and rewards of ownership of these receivables to various financial institutions.

9 (a) Other financial assets - Non Current

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Security deposits	138	-
Total	**138**	**-**

9 (b) Other financial assets - Current

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Security deposits[1]	580	690
Other advances receivable in cash (Refer note 40)	5	0
Unbilled revenue (Refer note 45)	423	1,214
Receivable from related parties (Refer note 40)	42	31
Others	0	4
Total	**1,050**	**1,939**
[1] Includes security deposit given to a partnership firm namely M/S Motherson in which Director of the Company is Partner	8	8

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

10 Deferred tax assets (net)

	March 31, 2020	March 31, 2019
Deferred tax assets		
Derivatives designated as hedges	220	232
Provision for employee benefit obligations	268	274
Provision for doubtful debts and advances	6	13
Government grants	31	44
Others	14	(5)
Deferred tax liabilities		
FVOCI equity instruments	(41)	(42)
Property, plant and equipment and intangible assets & investment property and net of Right-of-use assets & lease liability	(48)	(220)
Total	**450**	**296**

Movement in Deferred tax assets

	Property, plant and equipments and intangible assets & investment property and net of Right-of-use assets & lease liability	Derivatives designated as hedges	Provision for employee benefits	Provisions for doubtful debts and advances	Government grants	FVOCI equity instruments	Other items	Total
At April 01, 2018	336	599	207	14	41	(38)	87	1,246
(Charged)/ credited:								
to profit or loss	(556)	(367)	36	(1)	3	(4)	(92)	(981)
to other comprehensive income	-	-	31	-	-	0	-	31
At March 31, 2019	**(220)**	**232**	**274**	**13**	**44**	**(42)**	**(5)**	**296**
(Charged)/ credited:								
to profit or loss	172	(12)	(43)	(7)	(13)	(0)	19	116
to other comprehensive income	-	-	37	-	-	1	-	38
At March 31, 2020	**(48)**	**220**	**268**	**6**	**31**	**(41)**	**14**	**450**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

11 Other non-current assets

	March 31, 2020	March 31, 2019
Unsecured, considered good, unless otherwise stated		
Capital advances	195	238
Prepaid expenses	86	104
Subsidy receivable	106	-
Total	**387**	**342**

12 Inventories

	March 31, 2020	March 31, 2019
Raw materials	6,566	6,690
Work-in-progress	1,905	1,922
Finished goods	1,440	1,908
Stores and spares	20	31
Total	**9,931**	**10,551**
Inventory include inventory in transit of:		
Raw materials	1,451	1,640
Finished goods	249	369

Amount recognised in profit or loss:

During the year ended March 31, 2020 write-back of inventories on account of provision in respect of obsolete/ slow moving items amounted to ₹ 53 million (March 31, 2019: ₹ 20 million). These were recognised as an expense during the year and included in changes in value of inventories of work-in-progress, stock-in-trade and finished goods in statement of profit or loss.

13 (a) Cash and cash equivalents *

	March 31, 2020	March 31, 2019
Balances with banks:		
- in current accounts	2,231	1,319
- Deposits with original maturity of less than three months	54	-
Cheques/ drafts on hand	5	6
Cash on hand	10	8
Total	**2,300**	**1,333**

* There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior period. For asset pledged refer note 44.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

Changes in liabilities arising from financing activities

	March 31, 2019	Cash Flow	Non cash		March 31, 2020
			Foreign exchange movements	Fair value changes	
Non current borrowings	11,354	94	512	(45)	11,915
Current borrowings	2	2,277	-	-	2,279
Total liabilities from financing activities	**11,356**	**2,371**	**512**	**(45)**	**14,194**

13 (b) Other bank balances

	March 31, 2020	March 31, 2019
Deposits with remaining maturity of more than three months but less than 12 months	5	5
Unpaid dividend account	61	44
Total	**66**	**49**

14 Other current assets

	March 31, 2020	March 31, 2019
Unsecured, considered good, unless otherwise stated		
Advances recoverable	371	381
Prepaid expenses	60	243
Balances with government authorities	504	1,119
Subsidy receivable	229	296
Total	**1,164**	**2,039**

15 Share Capital

	March 31, 2020	March 31, 2019
Authorised:		
6,050,000,000 (March 31,2019 : 6,050,000,000) Equity shares of ₹ 1 each	6,050	6,050
25,000,000 (March 31,2019 : 25,000,000) 8% Convertible Cumulative Preference Shares of ₹ 10 each	250	250
Issued, subscribed and Paid up:		
3,157,934,2371 (March 31, 2019 : 3,157,934,2371) Equity Shares of ₹ 1 each	3,158	3,158

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

a. Movement in equity share capital

	Numbers	Amount
As at April 01, 2018	**2,105,289,491**	**2,105**
Add: Bonus shares issued by capitalisation of securities premium account[1]	1,052,644,746	1,053
As at March 31, 2019	**3,157,934,237**	**3,158**
Add: Changes during the year	-	-
As at March 31, 2020	**3,157,934,237**	**3,158**

[1] During the year ended March 31, 2019, the Company allotted 1,052,644,746 equity shares of ₹ 1 each as bonus shares in proportion of one equity share for every two equity shares held by capitalisation of Securities Premium Account.

b. Rights, preferences and restrictions attached to shares

Equity Shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

c. Aggregate number of Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2020)

	Aggregate No of Shares issued in five years	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Equity shares allotted as fully paid bonus shares by capitalisation of Securities Premium Account	2,195,367,590	-	1,052,644,746	701,763,164	-	440,959,680

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

	March 31, 2020		March 31, 2019	
	Nos.	%	Nos.	%
Equity shares:				
Samvardhana Motherson International Limited	1,055,750,653	33.43%	1,055,750,653	33.43%
Sumitomo Wiring Systems Limited	792,637,291	25.10%	792,637,291	25.10%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

16 (a) Reserves and surplus

	March 31, 2020	March 31, 2019
Reserve on amalgamation	1,663	1,663
Securities premium	26,226	26,226
General reserve	3,363	3,363
Retained earnings	27,901	29,836
Total reserves and surplus	**59,153**	**61,088**

(i) Reserve on amalgamation

	March 31, 2020	March 31, 2019
Opening balance	1,663	1,663
Closing balance	**1,663**	**1,663**

(ii) Securities premium

	March 31, 2020	March 31, 2019
Opening balance	26,226	27,279
Utilisation during the year - issue of bonus shares	-	(1,053)
Closing balance	**26,226**	**26,226**

(iii) General reserve

	March 31, 2020	March 31, 2019
Opening balance	3,363	3,363
Closing balance	**3,363**	**3,363**

(iv) Retained earnings

	March 31, 2020	March 31, 2019
Opening balance	29,836	27,258
Additions during the year	8,988	8,138
Remeasurements of post-employment benefit obligation, net of tax	(109)	(57)
Dividend paid[1]	(9,474)	(4,737)
Tax on dividend[1]	(1,340)	(766)
Closing balance	**27,901**	**29,836**

[1] During the year ended March 31, 2020, the Company has paid final cash dividend for the year ended on March 31, 2019: ₹ 1.5 (March 31, 2019: ₹ 2.25) per share and Interim dividend for the year ended on March 31, 2020: ₹ 1.5 (March 31, 2019: Nil) per share to its share holders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authorities on behalf of shareholders. Hence DDT paid is charged to equity.

(All amounts in ₹ Million, unless otherwise stated)

16 (b) Other reserves

	FVOCI equity investments
As at April 01, 2018	**134**
Change in fair value of FVOCI equity instruments	2
As at March 31, 2019	**136**
Change in fair value of FVOCI equity instruments	(3)
As at March 31, 2020	**133**

Reserve on amalgamation

This reserve was created at the time of amalgamation and mergers carried out in earlier years. The reserve is utilised in accordance with the provisions of the Act.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

General reserve

General reserve is the retained earnings of the Company which are kept aside out of the Company's profits to meet future (known or unknown) obligations.

FVOCI equity investments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investment reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

17 (a) Non-current borrowings

	Non-Current Portion		Current Maturities	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Secured [(i)]				
Term Loans				
Foreign currency loans from banks	6,039	5,524	-	-
Indian rupee loan from banks	5,750	5,750	-	-
Indian rupee loan from other than banks	-	-	0	18
Unsecured [(ii)]				
Term Loans				
Indian rupee loan from other than banks	126	63	-	-
Less : Disclosed under Other current financial liabilities (Refer Note 18)	-	-	(0)	(18)
TOTAL	**11,915**	**11,337**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

(i) Secured Loans[1]

Nature of Security (In case of Secured Loans)	Principal Terms and Conditions
Foreign currency loan from banks is secured by creating a charge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis	₹ 6,039 million (March 31, 2019 : ₹ 5,524 million) repayable in March 2022 entirely in one instalment. The applicable rate of interest in respect of foreign currency loans from banks is 0.52% p.a. (March 31, 2019 : 0.62% p.a.) over 6 months in respect of loans hedged for swap contracts.
Indian Rupee loan from banks is secured by creating a charge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis	₹ 5,750 million (March 31, 2019 : ₹ 5,750 million) repayable in March 2022 entirely in one instalment carrying Interest rate of 8.0% p.a.
Indian Rupee loan from other than banks for the purchase of investment property and is secured by the capital advance given for the purchase of investment property.	₹ 0 million (March 31, 2019 : ₹ 18 million) repayable in remaining 12 monthly instalments till April 2020 carrying Interest rate of 10.2% p.a.

(ii) Unsecured Loans

Particulars	Terms of Repayment
Indian Rupee Loan from other than banks	Interest free loan of ₹ 126 million (March 31, 2019 : ₹ 63 million) repayable in 3 tranches on November 2022, March 2023 and December 2026 against each disbursements. Bank guarantee is furnished by the Company.

[1] The carrying amount of financials and non financial assets pledged as security for long term borrowings is disclosed in Note 44

17 (b) Current borrowings

	March 31, 2020	March 31, 2019
Secured [2, 3]		
Working capital loans repayable on demand- from banks [1]		
Indian rupee loan	2,279	2
TOTAL	**2,279**	**2**

[1] Working capital loans are secured by first pari passu charge on entire current assets of the Company including receivables, both present and future and second pari passu charge over the fixed assets of the Company including equitable mortgage of specified properties and are repayable on demand.

[2] The carrying amount of financials and non financial assets pledged as security for short term borrowings is disclosed in Note 44

[3] Short term borrowings carry interest rate ranging from 3% to 8% p.a.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

18 Other financial liabilities

	March 31, 2020	March 31, 2019
Non-current		
Retention money	76	33
Security deposit received (Refer note 40)	52	54
Recovery against Vehicle Loan	98	77
Total	**226**	**164**
Current		
Current maturities of long term borrowings (Refer note 17(a))	0	18
Interest accrued but not due on borrowings	4	4
Unpaid dividends [1]	61	44
Payables relating purchase of property, plant & equipments	342	761
Security deposit received	4	2
Employee benefits payable	1,169	1,103
Accrued expenses	75	-
Derivatives designated as hedges	873	665
Recovery against Vehicle Loan	56	101
Total	**2,584**	**2,698**

[1] There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

19 Trade payables

	March 31, 2020	March 31, 2019
Total outstanding dues of micro, small and medium enterprises (Refer note 48) and	155	202
Total outstanding dues of creditors other than micro, small and medium enterprises	5,951	6,331
Trade payable to related parties (Refer note 40)	2,950	2,416
Total	**9,056**	**8,949**

20 Provisions

	March 31, 2020	March 31, 2019
For warranties	10	7
For contingencies	1	1
Total	**11**	**8**

Warranty

Provision for warranty relates to the estimated outflow in respect of warranty for products sold by the Company. Due to the very nature of such costs, it is not possible to estimate the timing/ uncertainties relating to the outflows of economic benefits.

Contingencies

Provision for contingencies relates to excise, entry tax and octroi demands including interest thereon, where applicable, being contested by the Company. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings.

The Company has following provisions in the books of account as at year end:

	Warranty		Contingencies	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening Balance	7	19	1	6
Additions/(deletion) during the year	3	(12)	-	(5)
Closing Balance	**10**	**7**	**1**	**1**

21 Employee benefit obligations

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Gratuity	414	-	224	-
Compensated absences	164	485	135	424
for Provident fund scheme	1	-	1	-
Total	**579**	**485**	**360**	**424**

The long term defined employee benefits and contribution schemes of the Company are as under:

A. Defined Benefit Schemes

Gratuity

The Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

(i) Present Value of Defined Benefit Obligation

	For the year ended	
	March 31, 2020	March 31, 2019
Obligations at year beginning	1,454	1,212
Service Cost - Current	140	120
Interest expense	106	91
Amount recognised in profit or loss	**246**	**211**
Remeasurements		
Actuarial (gain)/ loss from change in financial assumption	121	25
Experience (gain)/loss	22	57
Amount recognised in other comprehensive income	**143**	**82**
Payment from plan:		
Benefit payments	(64)	(48)
Addition/ (deletion) due to transfer of employee	(7)	(3)
Obligations at year end	**1,772**	**1,454**

(ii) Fair Value of Plan Assets

	For the year ended	
	March 31, 2020	March 31, 2019
Plan assets at year beginning, at fair value	1,230	1,087
Interest income	92	85
Amount recognised in profit or loss	**92**	**85**
Remeasurements		
Actuarial (gain)/ loss from change in financial assumption	(3)	(4)
Return on plan assets, excluding amount included in interest income	0	(2)
Amount recognised in other comprehensive income	**(3)**	**(6)**
Payment from plan:		
Benefit payments	(4)	(6)
Contributions:		
Employers	43	70
Plan assets at year end, at fair value	**1,358**	**1,230**

(iii) Assets and Liabilities recognized in the Balance Sheet

	For the year ended	
	March 31, 2020	March 31, 2019
Present Value of the defined benefit obligations	1,772	1,454
Fair value of the plan assets	1,358	1,230
Amount recognized as Liability	**414**	**224**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

(iv) Defined benefit obligations cost for the year:

	For the year ended	
	March 31, 2020	March 31, 2019
Service Cost - Current	140	120
Interest Cost (Net)	14	6
Actuarial (gain)/ loss	146	88
Net defined benefit obligations cost	**300**	**213**

(v) Investment details of Plan Assets

The details of investments of plan assets are as follows:

	For the year ended	
	March 31, 2020	March 31, 2019
LIC of India	100%	100%
Total	**100%**	**100%**

Note: In respect of Employees Gratuity Fund, composition of plan assets is not readily available from LIC of India. The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(vi) Actuarial assumptions:

	March 31, 2020	March 31, 2019
Discount Rate per annum	6.6%	7.4%
Future salary increases	8.0%	8.0%

Note: Estimate of future increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(vii) Amount recognized in current year and previous four years:

	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined benefit obligations	1,772	1,454	1,212	1,026	789
Plan assets	(1,358)	(1,230)	(1,087)	(808)	(650)
Deficit/(Surplus)	**414**	**224**	**125**	**218**	**139**

(viii) Expected Contribution to the Fund in the next year

	For the year ended	
	March 31, 2020	March 31, 2019
Gratuity	399	228

(All amounts in ₹ Million, unless otherwise stated)

ix) Sensitivity Analysis

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is :

	Change in Assumption		Impact	Increase in Assumption		Impact	Decrease in Assumption	
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Discount Rate per annum	0.50%	0.50%	Decrease by	(74)	(62)	Increase by	80	66
Future salary increases	1.0%	1.0%	Increase by	167	139	Decrease by	(147)	(123)

Above sensitivity analysis is based on a change in assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in balance sheet.

x) Risk exposure

The gratuity scheme is a salary Defined Benefit Plan that provides for lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design means the risk commonly affecting the liabilities and the financial results are expected to be:

(a) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds, if bond yield fall, the defined benefit obligation will tend to increase.

(b) Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

(c) Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria .

xi) Defined benefit liability and employer contributions

Weighted average duration of the defined benefit obligation is 9 years (March 31, 2019: 9 years)

Expected benefit payments are as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2020					
Defined benefit obligation (gratuity)	107	88	387	847	1,429
March 31, 2019					
Defined benefit obligation (gratuity)	93	114	371	1,067	1,644

(All amounts in ₹ Million, unless otherwise stated)

B. Defined Contribution Schemes

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Social Insurance for the benefit of the employees.

Amount recognised in the Statement of Profit & Loss is as follows (Refer note 29):

	For the year ended	
	March 31, 2020	March 31, 2019
Provident fund paid to the authorities	444	417
Employee state insurance paid to the authorities	83	107
Contribution to other funds (Employee welfare etc.)	4	2
	531	**526**

22 Government grants

	March 31, 2020	March 31, 2019
Opening balance	104	116
Grants received during the year	258	-
Released to profit and loss (Refer note 26)	(53)	(12)
Closing balance	**309**	**104**

	March 31, 2020	March 31, 2019
Current portion	34	12
Non-current portion	275	92
Total	**309**	**104**

The Company has received an interest free loan from Pradeshiya Industrial & Investment Corporation of U.P. Ltd. (PICUP) which is amortised based on the effective interest rate method and the amortised portion is treated as government grant.

The Company has also received Government grants relating to the purchase of property, plant and equipment and has presented the grant as deferred income which is credited to profit or loss on a straight-line basis over the expected lives of the related assets.

23 Current tax liabilities/ Non-current tax assets (net)

	March 31, 2020	March 31, 2019
Tax assets		
Non-current tax assets (net)	594	725
Tax liabilities		
Current tax liabilities (net)	-	-
Net tax liabilities/ (assets)	**(594)**	**(725)**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

24 Other current liabilities

	March 31, 2020	March 31, 2019
Statutory dues including provident fund and tax deducted at source	368	986
Advances received from customers (Refer note 45)	838	1,010
Unearned revenue	7	8
Total	**1,213**	**2,004**

25 (a) Revenue from contract with customers

	For the year ended	
	March 31, 2020	March 31, 2019
Sales of products		
Finished goods		
Within India	55,256	63,203
Outside India	9,778	9,731
Traded goods	1,287	1,025
Total gross sales	**66,321**	**73,959**
Sale of services	1,821	1,148
Total revenue from contract with customers (Refer note 45)	**68,142**	**75,107**

25 (b) Other operating revenue:

Scrap sales	255	334
Job work income	16	13
Export incentives	191	194
Liabilities written back to the extent no longer required	36	17
Miscellaneous other operating income	98	148
Total	**596**	**706**

26 Other income

	For the year ended	
	March 31, 2020	March 31, 2019
Interest income from financial assets at amortised cost	23	19
Dividend Income		
- From subsidiaries	2,992	1,055
- From joint ventures	101	172
- From equity investments designated at fair value through OCI	2	0
Rent	60	69
Exchange fluctuation (net)	460	500
Gain on disposal of property, plant and equipment & investment property (net)	39	6
Government grants & subsidies (Refer note 22)	53	12
Miscellaneous income	54	32
Total	**3,784**	**1,865**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

27 Cost of materials consumed

	For the year ended	
	March 31, 2020	March 31, 2019
Opening stock of raw materials	5,050	4,636
Add : Purchases of raw materials	35,759	42,416
Less: Closing stock of raw materials	5,115	5,050
Total	**35,694**	**42,002**

28 Changes in inventory of finished goods, work in progress and stock in trade

	For the year ended	
	March 31, 2020	March 31, 2019
(Increase)/ decrease in stocks		
Stock at the opening of the year:		
Finished goods	1,908	1,540
Work-in-progress	1,922	1,768
Total A	**3,830**	**3,308**
Stock at the end of the year:		
Finished goods	1,440	1,908
Work-in-progress	1,905	1,922
Total B	**3,345**	**3,830**
(Increase)/ decrease in stocks (A-B)	**485**	**(522)**

29 Employee benefit expense

	For the year ended	
	March 31, 2020	March 31, 2019
Salary, wages & bonus	10,417	9,975
Contribution to provident & other fund (Refer note 21)	531	526
Gratuity (Refer note 21)	154	126
Staff welfare expenses	1,074	1,158
Total	**12,176**	**11,785**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

30 Other expenses

	For the year ended	
	March 31, 2020	March 31, 2019
Electricity, water and fuel	1,309	1,400
Repairs and maintenance:		
Machinery	620	996
Building	420	479
Others	272	316
Consumption of stores and spare parts	569	699
Conversion charges	196	229
Lease rent (Refer note 46)	455	751
Rates & taxes	48	45
Insurance	215	137
Donation	21	19
Travelling	455	640
Freight & forwarding	1,218	1,331
Royalty	315	90
Cash Discount	-	1
Commission	54	58
Provision for diminution in value of investments	-	20
Bad debts/ advances written off	1	0
Provision for doubtful debts/advances	4	-
Legal & professional expenses (Refer note (a) below)	1,164	1,083
Expenditure towards corporate social responsibility (CSR) activities (Refer note (b) below)	37	130
Miscellaneous expenses	1,006	777
Total	**8,379**	**9,201**

(a) Payment to auditors:

	For the year ended	
	March 31, 2020	March 31, 2019
As Auditor:		
Audit fees (including limited review)	40	37
Other services	2	0
Reimbursement of expenses	4	3
Total	**46**	**40**

(All amounts in ₹ Million, unless otherwise stated)

(b) Corporate social responsibility expenditure

		For the year ended	
		March 31, 2020	March 31, 2019
(i)	Contribution to Swarn Lata Motherson Trust	35	127
(ii)	Contribution towards welfare of the society	2	3
		37	**130**
	Amount required to be spent as per Section 135 of the Act	230	209
	Amount spent during the year on:		
(i)	Construction/acquisition of asset	-	-
(ii)	Purpose other than (i) above	37	130
		37	**130**

31 Finance costs

	For the year ended	
	March 31, 2020	March 31, 2019
Interest on long term borrowings	92	105
Exchange differences regarded as an adjustment to borrowing costs [1]	(73)	(175)
Interest on lease liabilities	88	
Other finance costs	199	246
Total	**306**	**176**

[1] Includes foreign exchange loss/ (gain) on long term loan facilities of ₹ 512 million (March 31, 2019 : ₹ 369 million) and Mark to Market (gain)/ loss on derivatives of ₹ (585) million (March 31, 2019: ₹ (543) million)

32 Depreciation and amortization expense

	For the year ended	
	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment	2,305	2,178
Depreciation on right of use assets[1]	468	-
Amortization on intangible assets	0	4
Depreciation on investment Property[1]	121	20
Less: Capitalised during the year[2]	(11)	(9)
Total	**2,883**	**2,193**

[1] Includes impairment loss amounting to ₹ 200 million (March 31, 2019 : Nil) on Right-of-use assets and ₹ 100 million (March 31, 2019 : Nil) on investment property during the year.

[2] Includes depreciation of ₹ 11 million (March 31, 2019 : ₹ 9 million) capitalised during the year on assets used for creation of self generated assets (Refer note 3).

(All amounts in ₹ Million, unless otherwise stated)

33 Income tax expense

(a) Income tax expense

	For the year ended	
	March 31, 2020	March 31, 2019
Current tax		
Current income tax charged	2,729	3,463
Adjustments for current tax of prior years	13	(357)
Total current tax expense	**2,742**	**3,106**
Deferred tax (Refer note 10)		
Decrease/ (increase) in deferred tax assets (net)	(116)	980
Total deferred tax expense / (benefit)	**(116)**	**980**
Income tax expense	**2,626**	**4,086**
Income tax expense is attributable to:		
Profit from continuing operations	2,626	4,086
	2,626	**4,086**

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income Tax for the year and re-measured its deferred tax asset (or/and deferred tax liability) basis the rate prescribed in the said section. Accordingly, deferred tax asset has increased by ₹ 18 million. The tax charge for the year has decreased by ₹ 665 million.

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year ended	
	March 31, 2020	March 31, 2019
Profit before income tax expense	11,614	12,224
Tax at India's tax rate of 25.168% (March 2019: 34.944%)	2,923	4,271
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax effect of amounts which are not deductible in calculating taxable income (net off exempt income)	(263)	(376)
Tax impact on impairment loss recognised	52	-
Impact of tax rate change on opening deferred tax	50	-
Weighted deduction for expenditure incurred on research and development	-	(62)
Adjustments for tax of prior periods	13	155
Tax deductions under Chapter VIA	-	(61)
Tax impact on effective portion of fair value hedge	(200)	171
Other adjustments	51	(12)
Income tax expense	**2,626**	**4,086**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

34 Earnings per share

		March 31, 2020	March 31, 2019
a)	**Basic**		
	Net profit after tax available for equity Shareholders	8,988	8,138
	Equity shares outstanding at the beginning of the year	3,157,934,237	2,105,289,491
	Add: Bonus shares issued by capitalisation of securities premium	-	1,052,644,746
	Weighted average number of equity shares used to compute basic earnings per share	3,157,934,237	3,157,934,237
	Basic earnings (in ₹) per Share of ₹ 1 each. (March 31, 2019 : ₹ 1 each)	**2.85**	**2.58**
b)	Diluted (Refer note (i) below)		
	Net profit after tax available for equity Shareholders	8,988	8,138
	Weighted average number of Equity Shares of ₹ 1 each (March 31, 2019 : ₹ 1 each)	3,157,934,237	3,157,934,237
	Diluted earnings (in ₹) per share of ₹ 1 each. (March 31, 2019 : ₹ 1 each)	**2.85**	**2.58**

(i) The Company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same.

35 The following expenses incurred on Research and Development is included under respective account heads:

	For the year ended	
	March 31, 2020	March 31, 2019
Employee benefit expenses	210	178
Other expenses	51	60
Capital expenditure	1	39

36 Fair value measurements

Financial instruments by category

	March 31, 2020			March 31, 2019		
	FVPL	FVOCI	Amortised Cost*	FVPL	FVOCI	Amortised Cost*
Financial assets						
Investments	-	192	-	-	198	-
Trade receivables	-	-	8,675	-	-	8,090
Loans	-	-	265	-	-	168
Cash and cash equivalents	-	-	2,366	-	-	1,382
Other financial assets	-	-	1,188	-	-	1,939
Total financial assets	**-**	**192**	**12,494**	**-**	**198**	**11,579**
Financial Liabilities						
Borrowings	-	-	14,194	-	-	11,357
Trade payables	-	-	9,056	-	-	8,948
Other financial liabilities	873	-	1,937	665	-	2,180
Total financial liabilities	**873**	**-**	**25,187**	**665**	**-**	**22,485**

(All amounts in ₹ Million, unless otherwise stated)

i. Fair value hierarchy

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020

	Level1	Level 2	Level 3	Total
Financial asset				
Financial Investments at FVOCI				
Listed equity investments	6	-	-	6
Unquoted equity investments	-	-	186	186
Total financial asset	**6**	**-**	**186**	**192**
Financial liabilities				
Borrowings	-	-	14,194	14,194
Other financial liabilities	-	873	226	1,099
Total financial liabilities	**-**	**873**	**14,420**	**15,293**

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019

	Level1	Level 2	Level 3	Total
Financial asset				
Financial Investments at FVOCI				
Listed equity investments	10	-	-	10
Unquoted equity investments	-	-	188	188
Total financial asset	**10**	**-**	**188**	**198**
Financial liabilities				
Borrowings	-	-	11,357	11,357
Other financial liabilities	-	665	164	830
Total financial liabilities	**-**	**665**	**11,521**	**12,187**

*The carrying amounts of trade receivables, borrowings, cash and cash equivalents, other financial assets, trade payables and other financial liabilities are considered to be the same as their face values.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

a. the use of quoted market prices or dealer quotes for similar instruments.

(All amounts in ₹ Million, unless otherwise stated)

b. the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

c. the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

d. the fair value of the remaining financial instruments covered under level 3 is determined using discounted cash flow analysis.

iii. Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended March 31, 2020 and March 31, 2019:

	Unquoted equity instruments
As at March 31, 2018	**186**
Additions during the year	-
Disposals during the year	-
Gains/(losses) recognised in other comprehensive income	2
As at March 31, 2019	**188**
Additions during the year	-
Disposals during the year	-
Gains/(losses) recognised in other comprehensive income	(2)
As at March 31, 2020	**186**

iv. Fair value of non current financial assets and liabilities measured at amortised cost

	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Loan to related party [1]	125	125	-	-
Loan to employees [1]	51	51	58	58
	176	**176**	**58**	**58**
Financial Liabilities				
Borrowings [2]	11,915	11,915	11,337	11,337
Other financial liabilities [1]	226	226	164	164
	12,141	**12,141**	**11,501**	**11,501**

[1] The fair value of non-current financial assets and financial liabilities carried at amortized cost is substantially same as their carrying amount.

[2] During financial year 2016-17 loan amounting to ₹ 10,975 million was taken at market rates. Loan amounting to ₹ 6,039 million as at March 31, 2020 (March 31, 2019: ₹ 5,524 million) carries floating rate of interest and hence are adjusted to current market rates. The Company has taken interest rate swap for the borrowing with fixed interest rate amounting to ₹ 5,750 million, because of this, effective finance cost to the company is at current market rate.

Note: The carrying amounts of current financial assets and current financial liabilities i.e. trade receivables, loans, other financial assets, trade payables, short term borrowings and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

v. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted:

	Fair Value as at	
	March 31, 2020	**March 31, 2019**
Unquoted equity instruments	186	188
Significant unobservable inputs[1]		
Earnings growth rate	4%	4%
Risk adjusted discount rate	16%	16%
Sensitivity		
Impact of change in risk adjusted discount rate [2]		
Decrease in discount rate by 0.50%	19	19
Increase in discount rate by 0.50%	(17)	(17)
Impact of change in earnings growth rate [2]		
Decrease in growth rate by 0.50%	(14)	(14)
Increase in growth rate by 0.50%	16	16

[1] There were no significant inter-relationships between unobservable inputs that materially affect fair values

[2] Holding all the other variables constant

37 (a) Financial risk management

The Company in its capacity as an internationally active supplier for the automobile industry is exposed to various risks i.e., market risk, liquidity risk and credit risk. The company has global presence and decentralized management structure. Concentrating on the plants make it necessary for implementing an organized risk management system. The Company is therefore exposed to risks associated with global organizations and automotive industry in particular.

The Company has set up a Risk Management Committee (RMC) at the board level to periodically review operating, fiinancial and strategic risks in the business and their mitigating factors. RMC has formulated Risk Management Policy for the Company which outlines the risk management framework to help minimize the impact of uncertainty on the Company's strategic goals. The framework enables a structured and disciplined approach to risk management. The Company has developed guidelines on risk controlling and the use of fiinancial instruments. These guidelines contain a clear allocation of duties. Risks are controlled and monitored by means of operational and fiinancial measures.

Below are the major risks which can impact the Company:

A Market risk:

Market risk is the risk that the fair value of future cashflows of a financial instruments will fluctuate because of changes in market price/ rate. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits and payables/ receivables in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

a. Price risk:

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the Company in its various products segment. Substantial pricing pressure from major OEMs to give price cuts and inability to pass on the increased cost to customers may also affect the profitability of the Company. The Group has set up Global Sourcing Procurement (GSP) at Sharjah which gives leverage of bulk buying and helps in controlling prices to a certain extent.

The key raw material for the Company's wiring harness business is copper. There is substantial fluctuations in prices of copper. The Company has arrangements with its major customers for passing on the price impact.

The major raw materials used by Polymer Division of the Company are polypropylenes, polycarbonates and various grades of nylons and resins. The Company is having arrangement with major customers for actualization of raw material price variations periodically. Motherson Polymer Solutions, compounding unit has been established with a view of taking leverage on group's bulk consumption on major grades. The setting up of GSP further strengthens the procurement function.

The Company is regularly taking initiatives like VA-VE (value addition, value engineering) to reduce its raw material costs to meet targets set up by its customers for cost downs. In respect of customer nominated parts, the Company has back to back arrangements for cost savings with its suppliers.

b. Foreign currency risk:

The exchange variations in India has mainly impacted the imports, but however the Company has arrangements with its major domestic customers for passing on the exchange impact on import purchase and has considerably increased its export sales during last few years to attain natural hedge. The Company also does selective hedging to hedge its risks associated with foreign currency.

The hedged and unhedged foreign currency exposure is as follows:

(i) Derivatives outstanding as at the reporting date

Particulars/ Purpose	Currency (Amoun in million)	As At March 31, 2020	As At March 31, 2019
Cross currency swap	USD : EUR	USD 80; EUR 74	USD 80; EUR 74
	INR : EUR	INR 5,750; EUR 81	INR 5,750; EUR 81

(All amounts in ₹ Million, unless otherwise stated)

(ii) Particular of unhedged foreign exposure as at the reporting date (Net exposure to foreign currency risk)

	March 31, 2020 Payable / (Receivable)		March 31, 2019 Payable / (Receivable)	
	Amount in Foreign currency in million	Amount in ₹	Amount in Foreign currency in million	Amount in ₹
AUD	(0)	(12)	(0)	(7)
CHF	0	17	0	11
CNY	8	85	19	191
EUR	(9)	(768)	(4)	(297)
GBP	(0)	(19)	0	27
JPY	1,881	1,329	2,294	1,433
KRW	(1,431)	(89)	-	-
SEK	0	1	0	1
SGD	0	2	0	2
THB	15	36	14	30
USD	(0)	(20)	92	6,389
ZAR	-	-	0	0

Foreign currency sensitivity on unhedged exposure

1% increase / decrease in foreign exchange rates will have the following impact on profit before tax:

	Impact on profit before tax	
	March 31, 2020	March 31, 2019
Increase by 1% in forex rate	(6)	(78)
Decrease by 1% in forex rate	6	78

(iii) Mark to market losses / (gain) on cross currency interest rate swaps

	For the year ended	
	March 31, 2020	March 31, 2019
Mark to Market losses/(gain) on cross currency interest rate swaps	208	(1,031)

c. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During March 31, 2020 and March 31, 2019, the Company's borrowings at variable rate were mainly denominated in ₹ and USD.

(All amounts in ₹ Million, unless otherwise stated)

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	March 31, 2020	March 31, 2019
Variable rate borrowings	8,318	5,544
Fixed rate borrowings	5,876	5,813
Total borrowings	**14,194**	**11,357**

An analysis by maturities is provided in Note [C (ii)] Maturities of financial liabilities below.

(ii) Sensitivity analysis

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

	Impact on profit before tax	
	March 31, 2020	March 31, 2019
Interest rates-increase by 50 basis points*	(42)	(28)
Interest rates-decrease by 50 basis points*	42	28

* Holding all other variables constant

B Credit risk:

The credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers and deposits with banking institutions.

Trade receivables

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are major Indian automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default and impairment.

Financial instruments and cash deposits

The Company has deposited liquid funds at various banking institutions. Primary banking institutions are major Indian and foreign banks. In long term credit ratings these banking institutions are considered to be investment grade. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognised commercial banks and are not past due.

C Liquidity risk:

The liquidity risk encompasses any risk that the Company cannot fully meet its financial obligations. To manage the liquidity risk, cash flow forecasting is performed in the operating divisions of the Company and aggregated by Company finance. The Company's finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities / overdraft facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period.

	March 31, 2020	March 31, 2019
Floating rate		
- Expiring within one year (cash credit and other facilities)	5,221	5,998

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative and derivative financial liabilities:

Year Ended March 31, 2020	Upto 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	2,351	12,059	-	**14,410**
Trade payables	9,056	-	-	**9,056**
Other financial liabilities	1,710	226	-	**1,936**
Lease liabilities	219	690	645	**1,554**
Total non-derivative liabilities	**13,336**	**12,975**	**645**	**26,956**
Derivatives				
Foreign exchange forward contracts	873	873		
Total derivative liabilities	**873**	**-**	**-**	**873**

Year Ended March 31, 2019	Upto 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	92	11,516	-	**11,608**
Trade payables	8,949	-	-	**8,949**
Other financial liabilities	2,015	164	-	**2,179**
Total non-derivative liabilities	**11,056**	**11,680**	**-**	**22,736**
Derivatives				
Foreign exchange forward contracts	665	665		
Total derivative liabilities	**665**	**-**	**-**	**665**

37 (b) Details related to hedging instrument

Fair value hedge	Nominal amount of the hedging instrument (in million)	Carrying amount of hedging instrument		Line item in balance sheet where hedging instrument is disclosed	Change in fair value for calculating hedge ineffectiveness
		Assets	Liabilities		
March 31, 2020					
(i) Cross currency interest rate swap	USD 80; EUR 74	-	67	Other financial liabilities	(142)
	₹ 5,750; EUR 81	-	808		351
(ii) Loan	USD 80	-	6,044	Non-current borrowings	512
	₹ 5,750	-	5,750		-
March 31, 2019					
(i) Cross currency interest rate swap	USD 80; EUR 74	-	209	Other financial liabilities	(596)
	₹ 5,750; EUR 81	-	456		(435)
(ii) Loan	USD 80	-	5,532	Non-current borrowings	318
	₹ 5,750	-	5,750		-

(c) Details related to hedged item

Fair value hedge	Carrying amount of hedged item		Accumulated amount of fair value adjustments on the hedged item included in the carrying amount of the hedged item		Line item in balance sheet where hedging item is disclosed	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value adjustments on the hedged item included in the carrying amount of hedged item that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
For March 31, 2020:							
(i) Investment	14,604		1,885	-	Non-current investments	793	-
For March 31, 2019:							
(i) Investment	13,810		1,092	-	Non-current investments	(487)	-

Details of impact of fair value hedge on statement of profit and loss

Fair value hedge	Ineffectiveness recognized in profit or loss	Line items in profit and loss
For year ended on 31 March 2020:		
(i) Investment	(72)	Finance cost
For year ended on 31 March 2019:		
(i) Investment	(226)	Finance cost

38 Capital management

(a) Risk management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors NET Debt to EBITDA ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs).

The Company's strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

	March 31, 2020	March 31, 2019
Net Debt*	11,888	10,019
EBITDA	14,803	14,592
Net Debt to EBITDA	**0.80**	**0.69**

*Lease liabilities recognised as per Ind AS 116 is not included in Net Debt (Refer Note 46)

(b) Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants and the Company has complied with those covenants throughout the reporting period.

(c) Dividends

	March 31, 2020	March 31, 2019
On Equity shares of ₹ 1 each		
Final dividend		
Amount of dividend paid (pertains to previous financial year)	4,737	4,737
Dividend per equity share	1.50	2.25
Interim Dividend		
Amount of dividend paid	4,737	-
Dividend per equity share	1.50	-

(All amounts in ₹ Million, unless otherwise stated)

39 Distribution made and proposed

	March 31, 2020	March 31, 2019
Cash dividends on equity shares declared and paid		
Final cash dividend for the year ended on March 31, 2019: ₹ 1.5 (March 31, 2018: ₹ 2.25) per share	4,737	4,737
DDT on final dividend*	915	766
Interim dividend for the year ended on March 31, 2020: ₹ 1.5 per share (March 31, 2019: Nil per share)	4,737	-
DDT on interim dividend	425	-
	10,814	**5,503**
Proposed dividends on Equity shares		
Final cash dividend for the year ended on March 31, 2020: Nil (March 31, 2019: ₹ 1.5 per share)	-	4,737
DDT on proposed dividend	-	974
	-	**5,711**

* Actual amount of dividend distribution tax (DDT) deposited is in accordance with provision of Income Tax Act.

40 Related Party Disclosures

I. Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", are given below:

a. Promoters / Entities with joint control over the Company

			Ownership interest	
	Name	Place of incorporation	March 31, 2020	March 31, 2019
1	Samvardhana Motherson International Limited	India	33.43%	33.43%
2	Sumitomo Wiring Systems Limited, Japan	Japan	25.10%	25.10%

Relationship where control exists

b. Subsidiaries of the Company

1 MSSL Mauritius Holdings Limited
2 Motherson Electrical Wires Lanka Private Limited
3 MSSL Mideast (FZE)
4 MSSL (S) Pte Limited
5 Motherson Innovations Tech Limited (esrt MSSL Automobile Component Limited)
6 Samvardhana Motherson Polymers Limited
7 Motherson Polymers Compounding Solution Limited
8 MSSL (GB) Limited
9 Motherson Wiring System (FZE)
10 MSSL Tooling (FZE)
11 MSSL GmbH

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

12 Samvardhana Motherson Invest Deutschland GmbH
13 MSSL Advanced Polymers s.r.o.
14 Motherson Techno Precision GmbH
15 MSSL s.r.l. Unipersonale
16 Motherson Techno Precision México, S.A. de C.V
17 MSSL Manufacturing Hungary Kft
18 Motherson Air Travel Pvt Ltd
19 MSSL Australia Pty Limited
20 Motherson Elastomers Pty Limited
21 Motherson Investments Pty Limited
22 MSSL Ireland Private Limited
23 MSSL Global RSA Module Engineering Limited
24 MSSL Japan Limited
25 Vacuform 2000 (Proprietary) Limited
26 MSSL México, S.A. De C.V.
27 MSSL WH System (Thailand) Co., Ltd
28 MSSL Korea WH Limited
29 MSSL Consolidated Inc.
30 MSSL Wiring System Inc
31 Alphabet de Mexico, S.A. de C.V.
32 Alphabet de Mexico de Monclova, S.A. de C.V.
33 Alphabet de Saltillo, S.A. de C.V.
34 MSSL Wirings Juarez, S.A. de C.V.
35 Samvardhana Motherson Global Holdings Ltd.
36 Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV)
37 Samvardhana Motherson Reflectec Group Holdings Limited (SMR)
38 SMR Automotive Technology Holding Cyprus Limited
39 SMR Automotive Mirror Parts and Holdings UK Ltd
40 SMR Automotive Holding Hong Kong Limited
41 SMR Automotive Systems India Limited
42 SMR Automotive Systems France S.A.
43 SMR Automotive Mirror Technology Holding Hungary KFT
44 SMR Patents S.à.r.l.
45 SMR Automotive Technology Valencia S.A.U.
46 SMR Automotive Mirrors UK Limited
47 SMR Automotive Mirror International USA Inc.
48 SMR Automotive Systems USA Inc.
49 SMR Automotive Beijing Company Limited
50 SMR Automotive Yancheng Co. Limited
51 SMR Automotive Mirror Systems Holding Deutschland GmbH
52 SMR Holding Australia Pty Limited

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

53 SMR Automotive Australia Pty Limited
54 SMR Automotive Mirror Technology Hungary BT
55 SMR Automotive Modules Korea Ltd.
56 SMR Automotive Beteiligungen Deutschland GmbH
57 SMR Hyosang Automotive Ltd.
58 SMR Automotive Mirrors Stuttgart GmbH
59 SMR Automotive Systems Spain S.A.U.
60 SMR Automotive Vision Systems Mexico S.A. de C.V.
61 SMR Grundbesitz GmbH & Co. KG
62 SMR Automotive Brasil Ltda.
63 SMR Automotive System (Thailand) Limited
64 SMR Automotives Systems Macedonia Dooel Skopje
65 SMR Automotive Operations Japan K.K.
66 SMR Automotive (Langfang) Co. Ltd
67 SMR Automotive Vision System Operations USA INC
68 SMR Mirror UK Limited
69 Motherson Innovations Company Limited
70 Motherson Innovations Deutschland GmbH
71 Samvardhana Motherson Global (FZE)
72 SMR Automotive Industries RUS Limited Liability Company
73 Re-time Pty Limited
74 Samvardhana Motherson Peguform GmbH (SMP)
75 SMP Automotive Interiors (Beijing) Co. Ltd.
76 SMP Deutschland GmbH
77 SMP Logistik Service GmbH
78 SMP Automotive Solutions Slovakia s.r.o.
79 Changchun Peguform Automotive Plastics Technology Co., Ltd.
80 Foshan Peguform Automotive Plastics Technology Co. Ltd.
81 Shenyang SMP Automotive Plastic Component Co. Ltd.
82 Tianjin SMP Automotive Component Company Limited
83 SMP Automotive Technology Management Services (Changchun) Co. Ltd.
84 SMP Automotive Technology Iberica S.L.
85 Samvardhana Motherson Peguform Barcelona S.L.U
86 SMP Automotive Technologies Teruel Sociedad Limitada
87 Samvardhana Motherson Peguform Automotive Technology Portugal S.A.
88 SMP Automotive Systems Mexico S.A. de C.V.
89 SMP Automotive Produtos Automotivos do Brasil Ltda.
90 SMP Automotive Exterior GmbH
91 Samvardhana Motherson Innovative Autosystems B.V. & Co. KG
92 Samvardhana Motherson Innovative Autosystems Holding Company BV
93 SM Real Estate GmbH

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

94 Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V.
95 SMP Automotive Systems Alabama Inc.
96 Celulosa Fabril (Cefa) S.A.
97 Modulos Ribera Alta S.L.Unipersonal
98 Motherson Innovations Lights GmbH & Co KG
99 Motherson Innovations Lights Verwaltungs GmbH
100 MSSL Estonia WH OÜ
101 PKC Group Oy
102 PKC Wiring Systems Oy
103 PKC Group Poland Sp. z o.o.
104 PKC Wiring Systems Llc
105 PKC Group APAC Limited
106 PKC Group Canada Inc.
107 PKC Group USA Inc.
108 PKC Group Mexico S.A. de C.V.
109 Project del Holding S.a.r.l.
110 PK Cables do Brasil Ltda
111 PKC Eesti AS
112 TKV-sarjat Oy
113 PKC SEGU Systemelektrik GmbH
114 Groclin Luxembourg S.à r.l.
115 PKC Vehicle Technology (Suzhou) Co., Ltd.
116 AEES Inc.
117 PKC Group Lithuania UAB
118 PKC Group Poland Holding Sp. z o.o.
119 OOO AEK
120 Kabel-Technik-Polska Sp. z o.o.
121 T.I.C.S. Corporation
122 AEES Power Systems Limited partnership
123 Fortitude Industries Inc.
124 AEES Manufactuera, S. De R.L de C.V.
125 Cableodos del Norte II, S. de R.L de C.V.
126 Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V.
127 Arneses y Accesorios de México, S. de R.L de C.V.
128 Asesoria Mexicana Empresarial, S. de R.L de C.V.
129 Arneses de Ciudad Juarez, S. de R.L de C.V.
130 PKC Group de Piedras Negras, S. de R.L. de C.V.
131 PKC Group AEES Commercial S. de R.L de C.V
132 Jiangsu Huakai-PKC Wire Harness Co., Ltd.
133 PKC Vechicle Technology (Hefei) Co, Ltd.
134 Shangdong Huakai-PKC Wire Harness Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

135 Motherson Rolling Stock Systems GB Limited
136 Motherson PKC Harness Systems FZ-LLC (incorporated on July 7, 2019)
137 Wisetime Oy (become subsidiary w.e.f March 6, 2020)
138 Global Environment Management (FZC)
139 SMRC Automotive Interiors Management B.V.
140 SMRC Automotive Holdings B.V.
141 SMRC Automotive Holdings Netherlands B.V.
142 SMRC Automotives Techno Minority Holdings B.V.
143 SMRC Smart Automotive Interior Technologies USA, LLC
144 SMRC Automotive Modules France SAS
145 Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U.
146 SMRC Automotive Interiors Spain S.L.U.
147 SMRC Automotive Interior Modules Croatia d.o.o
148 Samvardhana Motherson Reydel Autotecc Morocco SAS
149 SMRC Automotive Technology RU LLC
150 SMRC Smart Interior Systems Germany GmbH
151 SMRC Automotive Interiors Products Poland SA
152 SMRC Automotive Solutions Slovakia s.r.o.
153 SMRC Automotive Holding South America B.V.
154 SMRC Automotive Modules South America Minority Holdings B.V.
155 SMRC Automotive Tech Argentina S.A.
156 SMRC Fabricacao e Comercio de Produtos Automotivos do Brasil Ltda
157 SMRC Automotive Products India Private Limited
158 SMRC Automotive Smart Interior Tech (Thailand) Ltd.
159 SMRC Automotive Interiors Japan Ltd.
160 Shanghai SMRC Automotive Interiors Tech Consulting Co. Ltd.
161 PT SMRC Automotive Technology Indonesia
162 Yujin SMRC Automotive Techno Corp.
163 SMRC Automotives Technology Phil Inc.
164 Motherson Innovations LLC
165 Samvardhana Motherson Corp Management Shanghai Co Ltd.
166 Motherson Ossia Innovations llc.
167 MSSL M Tooling Ltd
168 Samvardhana Motherson Polymers Management Germany GmbH (merged with MSSL GmbH on August 30, 2019)
169 PKC Netherlands Holding B.V. (Liquidated on July 31, 2019)
170 PK Cables Nederland B.V. (Liquidated on July 31, 2019)
171 SMR Automotive Servicios Mexico S.A. de C.V. (liquidated on July 2, 2019)
172 Global Environment Management Australia Pty Limited (liquidated on April 20, 2018)
173 MSSL Overseas Wiring System Ltd. (liquidated on January 29, 2019)

c. Joint Ventures:

1 Kyungshin Industrial Motherson Private Limited

2 Calsonic Kansei Motherson Auto Products Private Limited

3 Ningbo SMR Huaxiang Automotive Mirrors Co. Limited (Indirectly through Subsidiary)

4 Chongqing SMR Huaxiang Automotive Products Limited (Indirectly through Subsidiary)

5 Tianjin SMR Huaxiang Automotive Part Co. Limited (Indirectly through Subsidiary)

6 Eissmann SMP Automotive Interieur Slovensko s.r.o (Indirectly through Subsidiary)

d. Associate Companies:

1 Saks Ancillaries Limited

2 Hubei Zhengao PKC Automotive Wiring Company Ltd.

II. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in 40 (I) above:

(a) Key management personnel compensation

	March 31, 2020	March 31, 2019
Short-term employee benefits	61	55
Directors commission/sitting fees	18	21
Post-employment benefits payable	46	40
Long-term employee benefits payable	16	14

(All amounts in ₹ Million, unless otherwise stated)

(b) Transactions with related parties

S. No.	Particulars	Subsidiaries		Joint ventures		Key Management personnel		Joint control over the entity		Other related parties	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
1	Sale of products	5,908	5,711	1,679	1,190	-	-	1	4	315	344
2	Sales of services	963	126	480	691	-	-	0	14	8	6
3	Rent income	-	-	23	29	-	-	-	-	34	26
4	Sale of property, plant and equipment	-	-	-	-	-	-	0	0	-	1
5	Purchase of goods	1,230	1,670	4	6	-	-	5,761	6,319	1,605	1,353
6	Purchase of property, plant and equipment & Right-of-use assets	30	10	-	-	-	-	84	44	1,713	1,830
7	Purchase of services	291	246	1	0	-	-	31	55	1,140	1,265
8	Rent expense	-	-	-	-	5 *	5 *	30	31	324	457
9	Payment of lease liability	-	-	-	-	-	-	-	-	169	-
10	Reimbursement made	116	130	0	0	0	0	17	7	30	26
11	Reimbursement received	75	53	0	2	-	-	1	8	5	5
12	Royalty	-	-	-	-	-	-	310	91	-	-
13	Dividend paid	-	-	-	-	270 **	135 **	5,545	2,773	10	5
14	Dividend received	2,991	1,055	101	172	-	-	-	-	2	-
15	Investment made	3	-	-	-	-	-	-	-	-	-
16	Guarantee given during the year	411	13,748	-	-	-	-	-	-	-	-

(c) Outstanding balances arising from sales / purchases of goods and services

S. No.	Particulars	Subsidiaries		Joint ventures		Associate Companies		Joint control over the entity		Other related parties	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
1	Trade Payable	295	336	0	0	-	-	2,044	1,512	611	568
2	Trade Receivable	2,494	1,106	146	223	-	-	1	1	83	94
3	Other financial assets	42	31	-	-	-	-	-	-	-	-
4	Advances recoverable	3	2	-	0	-	-	-	0	134	178
5	Advances from customer	37	110	-	-	-	-	1	0	0	1
6	Investments	44,320	44,317	486	486	11	11	-	-	14	14
7	Guarantees given	13,127	19,953	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

(d) Loans & advances to / from related parties

S. No.	Particulars	Subsidiaries		Joint ventures		Other related parties	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
i.	**Security deposits given:**						
	Beginning of the year	-	-	-	-	464	427
	Security deposit given	-	-	-	-	75	68
	Security deposits received back	-	-	-	-	(51)	(31)
	End of the year	-	-	-	-	488	464
ii.	Security Deposit Received:						
	Beginning of the year	-	-	35	35	14	16
	Security deposits received	-	-	-	-	-	-
	Security deposits repaid	-	-	-	-	-	(2)
	End of the year	-	-	35	35	14	14
iii.	Loans given						
	Beginning of the year	14	11	-	-	-	-
	Loans given	-	2	-	-	125	-
	Interest charged	1	1	-	-	6	-
	Interest received	-	-	-	-	-	-
	Loans received back	(13)	-	-	-	-	-
	End of the year	1	14	-	-	131	-

* Rent of ₹ 5 million (March 31, 2019: ₹ 5 million) paid to Mr. V.C Sehgal, Mr. Laksh Vaaman Sehgal, Ms. Renu Sehgal, and Ms. Vidhi Sehgal.

**Dividend of ₹ 270 million (March 31, 2019 : ₹ 135 million) paid to Mr. V. C. Sehgal, Mr. Laksh Vaaman Sehgal, Ms. Renu Sehgal, Ms. Neelu Mehra, Ms. Geeta Soni, Mr. Pankaj Mital, Mr. G.N. Gauba, Ms. Geeta Mathur, Mr Naveen Ganzu, Arjun Puri, Alok Goel and Mr. Gautam Mukherjee.

41 Segment Information:

Description of segments and principal activities

The Company is primarily in the business of manufacture and sale of components to automotive original equipment manufacturers.

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker "CODM" of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments . The Company has monthly review and forecasting procedure in place and CODM reviews the operations of the Company as a whole, hence there are no reportable segments as per Ind AS 108 "Operating Segments"

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

A. Disaggregated revenue information

i) Revenue from external customers

	March 31, 2020	March 31, 2019
India	57,926	65,868
Outside India	10,812	9,944
	68,738	**75,813**

Type of goods or Services	March 31, 2020	March 31, 2019
Sales of Components	65,034	72,934
Tool development	1,287	1,025
Others operating revenue	1,821	1,148
Total revenue from contracts with customers	**68,142**	**75,107**

Timing of revenue recognition	March 31, 2020	March 31, 2019
As a point in time	66,855	74,082
Over a period of time	1,287	1,025
Total revenue from contracts with customers	**68,142**	**75,107**

ii) Segment Assets

Total of non-current assets other than financial instruments, investment in subsidiaries, joint ventures and associate and deferred tax assets broken down by location of the assets, is shown below:

	March 31, 2020	March 31, 2019
India	20,572	19,208
Outside India	-	0
	20,572	**19,208**

iii)

	March 31, 2020	March 31, 2019
Capital expenditure	3,471	3,976

iv) Revenues from transactions with a single external customer amounting to 10 per cent or more of the Company's revenues is as follows

	March 31, 2020	March 31, 2019
Customer 1	22,690	25,171

42 Capital and Other Commitments

Capital expenditure contracted at the end of the reporting period but not recognised as liabilities is as follows:

	March 31, 2020	March 31, 2019
Property, plant and equipment		
Estimated value of contracts in capital account remaining to be executed, (net of advances of ₹ 85 million (March 31, 2019: ₹ 97 million))	534	997
Investment property		
Estimated value of purchase consideration outstanding, (net of advances of ₹ 110 million (March 31, 2019: ₹ 107 million))	-	3
Total	**534**	**1,000**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

43 Contingent liabilities:

Claims against the Company not acknowledged as debts

		March 31, 2020	March 31, 2019
a)	Excise, sales tax and service tax matters*	65	94
b)	Claims made by workmen	44	41
c)	Income tax matters	152	120

* Against which Company has given bank guarantees amounting to ₹ 2 million (March 31, 2019 : ₹ 6 million)

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

b) The Company has assessed that it is only possible but not probable that outflow of economic resources will be required.

44 Assets pledged as security

The carrying amount of assets pledged as security for current and non-current borrowings are as follows:

	Notes	March 31, 2020	March 31, 2019
Current:			
Financial assets			
First charge			
Cash and cash equivalents	13(a)	2,300	1,333
Trade receivables	8	8,675	8,090
Inventory	12	9,931	10,551
Other current assets		2,315	3,902
Total current assets pledged as security		**23,220**	**23,876**
Non Current:			
Second charge			
Freehold and leasehold land	3	987	2,586
Buildings and leasehold improvements	3	7,583	7,041
Plant & Machinery	3	6,906	7,067
Other items of PPE	3	343	393
Investment property	4	747	872
Non current investment	6(a)	24,705	24,705
Capital advance	11	110	-
Total non-current assets pledged as security		**41,380**	**42,664**
Total assets pledged as security		**64,600**	**66,540**

45 Ind AS 115 Revenue from contracts with customers

Effective April 1, 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers', with a modified retrospective approach. The management has evaluated the implications of implementation of new standard on its revenue and has made appropriate adjustments to these results where significant. In certain contracts, it has been assessed that the Company is acting as an agent and therefore, revenue has been recognised excluding the cost of components sold.

The transaction price allocated to the remaining performance obligations related to tool development (unsatisfied or partially unsatisfied) are, as follows:

	March 31, 2020	March 31, 2019
Within one year	265	496
More than one year	1	-
Total	**266**	**496**

Table below provides information on revenue recognised from :

	March 31, 2020	March 31, 2019
Amounts included in contract liabilities at the beginning of the year	352	285
Performance obligations partly satisfied in previous years	289	216

The table below represents summary of contract assets and liabilities relating to contracts with customers:

	March 31, 2020	March 31, 2019
Receivables	8,675	8,090
Contract assets	423	1,214
Contract liabilities (Refer note 24)	838	1,010

46 Leases

The Company elected to apply Indian Accounting Standard 116 ('Ind AS 116'), Leases, with effect from April 01, 2019, using the modified retrospective method. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. The Company assesses each lease contract and if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Company recognised right to use assets and lease liabilities for those lease contracts except for short-term lease and lease of low-value assets.

The Company has leases contracts for land, premises, plant & machinery and vehicles. These lease arrangements for land are for a period upto 99 years, for premises are for a period upto 10 years, plant & machinery are for a period upto 5 years and vehicles are for a period upto 5 years. The Company also has certain leases of machinery, computers, vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

As at March 31, 2019, the Company had minimum lease payment commitment under non-cancellable operating leases of ₹ 18 million. Pursuant to adoption of Ind AS 116, lease liabilities of ₹ 806 million were recognised on April 01, 2019, the transition date. The difference between the operating lease commitments under Ind AS 17 and lease liabilities recognised under Ind AS 116 is largely due to discounting of lease commitments and adoption of practical expedients on exclusion of short-term leases and leases of lowvalue and other adjustments due to reassessment of terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

As at the transition date April 01, 2019 following impacts were recognised in financial position on account of recognition of right of use assets, lease liabilities and reclassification of existing finance lease assets and liabilities.

	March 31, 2019	April 01, 2019	Change
Property, plant & equipment (Refer note 3)	17,087	16,280	(806)
Right-of-use assets (Refer note 3)	-	923	923
Other receivables and assets (non-current and current)	2,381	2,265	(116)
Borrowings (non-current and non current, including current maturity of long term borrowing)	14,194	14,194	-
Lease Liabilities	-	806	806

The carrying amounts of lease liabilities and the movements during the period is given below:

	March 31, 2020
Recognised as at April 01, 2019 on account of adoption of ind AS 116	806
	806

	March 31, 2020
Current lease liabilities	137
Non-current lease liabilities	791
	928

Amount recognised in statement of profit and loss during the year on account of Ind AS 116

	March 31, 2020
Interest expense on lease liabilities (included in finance cost)	88
Depreciation of Right of Use assets	248
Lease expense derecognised	289
Other items included in statement of profit and loss during the year:	
Short term and low value lease payments	455

47 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers;(ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Investments and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in ₹ Million, unless otherwise stated)

48 Dues to micro, small and medium enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

	March 31, 2020	March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	155	202
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	(0)	3
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1,767	1,864
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	5	14
Further interest remaining due and payable for earlier years	-	-

49 During the year, the Company has recognised an expense of ₹ 56 million (31 March 2019: Nil) toward its proportionate share of costs allocated by the Samvardhana Employees Welfare Trust ('the Trust') constituted by Samvardhana Motherson International Limited for providing share scheme and other benefits to the employees of the participating companies. The trust helps the employees of participating companies to dispose off shares at fair value .

The Company has also given a loan amounting to ₹ 125 million (31 March 2019: Nil) to the Trust and is outstanding as on March 31, 2020. The loan carries interest @ rate of 9.5% p.a. and is repayable after 5 years from the date of loan.

50 Disclosure pursuant to the Regulation 34(3) read with para A of Schedule V to Securities and Exchange Board of India (Listing Obligations And Disclosures Requirements) Regulation, 2015:

a) Loans and advances in the nature of loans to subsidiaries and associates

	March 31, 2020	March 31, 2019
Loan to Subsidiary : Samvardhana Motherson Polymer Limited		
Balance as at year end	-	2
Maximum amount outstanding at any time during the year	2	2

	March 31, 2020	March 31, 2019
Loan to Subsidiary: Motherson Polymers Compounding Solution Limited		
Balance as at year end	-	12
Maximum amount outstanding at any time during the year	12	12

b) Investment by the loanees in the shares of the Company: The loanees have not made any investment in the shares of the Company.

51 The Board of Directors in its meeting dated January 30, 2020, has constituted Sub Committee to examine and submit proposal to the Board for reorganization of business within the group which will, inter alia, demerge domestic wiring harness business of the Company into a newly formed legal entity with mirror shareholding, which shall be listed and consolidating shareholding in Samvardhana Motherson Automotive Systems Group B.V. ("SMRP BV") in MSSL through a process of merger to bring 49% stake held by Samvardhana Motherson International Limited ("SAMIL") in SMRP BV into MSSL. The sub-committee as formed by the Board of directors is currently evaluating all options which will be submitted to the board for their final approval and necessary actions thereafter.

52 Amounts appearing as zero "0" in financial are below the rounding off norm adopted by the Company

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **PANKAJ CHADHA**
Partner
Membership No.: 091813

Place: Gurugram
Date: June 02, 2020

For and on behalf of the Board

V.C. SEHGAL
Chairman

PANKAJ MITAL
Whole-time Director/
Chief Operating Officer

G.N. GAUBA
Chief Financial Officer

ALOK GOEL
Company Secretary

Place: Noida
Date: June 02, 2020