

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

2. Basis of preparation

A. Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 29 May 2020.

Details of the Company's significant accounting policies are included in Note 3.

B. Functional & presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash settled shared-based payment arrangements	Fair value
Net defined benefit asset / (liability)	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 28 and 42 - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

- Note 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 9 and 40 - impairment of financial assets;
- Note 32 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 11 - provision for inventories; and
- Note 16 and 36 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 31 - share-based payment arrangements and
- Note 40 - financial instruments

3. Significant accounting policies

(a) Financial instruments

i. *Recognition and initial measurement*

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at-

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

(b) Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

ii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. *Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life (3-10 years) whichever is lower. Assets acquired under finance leases till previous year were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. For the current year, refer note 3(n). Freehold land is not depreciated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful lives
Buildings	10/ 20 and 30 years
Plant and machinery	3/ 7/ 10 and 15 years
Data processing equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	5 years

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 for some assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Capital work in progress includes cost of property, plant & equipment under installation/ under development as at the balance sheet date.

(c) Intangible assets

Internally generated : Research and development

Expenditure on research activities is recognised in statement of profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss. The amortisation rates used are:

Asset	Useful life
Computer software	3 years

(d) Investment in subsidiaries

Investment in equity shares in subsidiaries is carried at cost, less impairment, if any, in the financial statements.

(e) Impairment

(i) *Financial assets*

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in the statement of profit or loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company at end of each reporting period evaluates, if any indicators are present which might require Company to impair its financial assets.

(ii) *Non-financial assets*

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(f) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

(g) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the balance sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(h) Revenue recognition

Effective April 1, 2018, the Company applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces erstwhile guidance on revenue recognition including Ind AS 18. The Company adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact on the financial statements of the Company.

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for goods and services are reported as liabilities until all conditions for revenue recognition are met.

The Company has determined that the revenues as disclosed in Note 20 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit or loss in the periods during which the related services are rendered by employees.

Provident fund

Contribution towards provident fund for certain 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

The Company makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Company's obligation to the scheme is restricted to the contributions to the scheme.

Defined benefit plans

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

Compensated absences

The Company provides for the encashment/ availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses / gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

(j) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Company measures compensation expense for SARs

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the Statement of profit and loss.

(k) Income taxes

i. *Current tax*

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. *Deferred tax*

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(l) Borrowing costs

Borrowing costs attributable to the assets acquired on finance lease are expensed in the period in which they incur in the statement of profit and loss.

(m) Provisions and contingent liabilities

i. *General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. 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.

ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(n) Leases

The company has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Ind AS 17 - for comparative period

i. *Finance leases*

The Company leases certain tangible assets and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted in accordance with the accounting policy applicable to similar owned assets.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in long-term borrowings and other current liabilities as appropriate. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(o) Segment reporting

Operating segments

The Company publishes the unconsolidated financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

(p) Cash and cash equivalents

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

(q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit/ loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

(s) Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4 Property, plant and equipment and capital work-in-progress

(Rs. in lakhs)

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Vehicles	Leasehold improvements	Leased Assets			Total
									Leasehold land Note (a)	Data processing equipment	Vehicles	
Balance at 31 March 2018	227.95	15,219.32	20,696.69	1,309.14	749.62	58.26	2.87	606.03	387.17	1,225.97	610.59	41,093.61
Additions	-	24.20	1,260.66	211.19	67.70	-	-	-	-	959.18	100.20	2,623.13
Disposals	-	-	(83.56)	(29.55)	(12.05)	-	-	(8.90)	-	(279.87)	(156.91)	(570.84)
Balance at 31 March 2019	227.95	15,243.52	21,873.79	1,490.78	805.27	58.26	2.87	597.13	387.17	1,905.28	553.88	43,145.90
Reclassification pursuant to adoption of Ind AS 116 (refer note 42)	-	-	-	-	-	-	-	-	(387.17)	(1,905.28)	(553.88)	(2,846.33)
Adjusted balances as at 01 April 2019	227.95	15,243.52	21,873.79	1,490.78	805.27	58.26	2.87	597.13	-	-	-	40,299.57
Additions	-	38.17	2,185.26	225.09	47.04	-	-	-	-	-	-	2,495.56
Disposals	-	(0.18)	(48.65)	(10.59)	(11.47)	-	-	(6.94)	-	-	-	(77.83)
Balance at 31 March 2020	227.95	15,281.51	24,010.40	1,705.28	840.84	58.26	2.87	590.19	-	-	-	42,717.30
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2018	-	1,909.08	7,800.06	612.55	665.33	58.26	2.86	605.14	12.86	616.31	319.89	12,602.34
Depreciation for the year	-	636.20	2,607.21	221.93	55.35	-	0.01	0.78	2.52	486.12	150.53	4,160.65
Disposals	-	-	(67.60)	(18.82)	(12.05)	-	-	(8.90)	-	(279.87)	(156.91)	(544.15)
Balance at 31 March 2019	-	2,545.28	10,339.67	815.66	708.63	58.26	2.87	597.02	15.38	822.56	313.51	16,218.84
Reclassification pursuant to adoption of Ind AS 116 (refer note 42)	-	-	-	-	-	-	-	-	(15.38)	(822.56)	(313.51)	(1,151.45)
Adjusted balances as at 01 April 2019	-	2,545.28	10,339.67	815.66	708.63	58.26	2.87	597.02	-	-	-	15,067.39
Depreciation for the year	-	640.28	2,522.09	227.87	49.58	-	-	0.01	-	-	-	3,439.83
Disposals	-	(0.03)	(44.79)	(4.24)	(11.20)	-	-	(6.94)	-	-	-	(67.20)
Balance at 31 March 2020	-	3,185.53	12,816.97	1,039.29	747.01	58.26	2.87	590.09	-	-	-	18,440.02
Carrying value (net)	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2019	227.95	12,698.24	11,534.12	675.12	96.64	-	-	0.11	371.79	1,082.72	240.37	26,927.06
As at 31 March 2020	227.95	12,095.98	11,193.43	665.99	93.83	-	-	0.10	-	-	-	24,277.28

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

5 Intangible assets (Rs. in lakhs)

Particulars	Computer Software
Balance at 1 April 2018	146.84
Additions	16.80
Balance at 31 March 2019	163.64
Balance at 1 April 2019	163.64
Additions	33.00
Balance at 31 March 2020	196.64
Accumulated depreciation as on 1 April 2018	115.67
Amortisation for the year	27.02
Balance at 31 March 2019	142.69
Accumulated depreciation as on 1 April 2019	142.69
Amortisation for the year	19.18
Balance at 31 March 2020	161.87
Carrying value (net)	
As at 31 March 2019	20.95
As at 31 March 2020	34.77

6 Investments (Rs. in lakhs)

As at	31 March 2020	31 March 2019
Non current investment		
Unquoted, carried at cost less provision for other than temporary impairment		
Investment in equity instruments of subsidiary;		
3M Electro & Communication India Private Limited [100% Subsidiary] [5,00,000 equity shares of Rs. 10/- each fully paid up]	58,470.00	58,470.00
	58,470.00	58,470.00
Aggregate book value of unquoted investment	58,470.00	58,470.00
Aggregate amount of impairment in value of investment	7,990.00	-
Investment carried at cost	50,480.00	58,470.00

During the previous year, the Company invested Rs. 58,470 Lakhs to acquire 100% equity interest in 3M Electro & Communication India Private Limited (the entity). Refer note 43 for disclosures with respect to section 186(4) of Companies Act, 2013. Also refer note 40(B)(iv).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

7 Trade receivables		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Considered good			
Trade receivables - secured*	479.64	699.82	
Trade receivables - unsecured	51,892.11	55,208.98	
Less: Provision for impairment	(1,712.93)	(1,294.92)	
	50,658.82	54,613.88	
Credit impaired	3,120.44	2,583.78	
Less: Provision for impairment	(3,120.44)	(2,583.78)	
	50,658.82	54,613.88	
Of the above, trade receivables from related parties are as below (also refer note 33):			
Total trade receivables from related parties (also refer note 33)	457.45	849.23	
Loss allowance	-	-	
Net trade receivables	457.45	849.23	
*These are secured against deposits taken from customers.			
The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 40.			
8 Loans receivable		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Non current			
Unsecured, considered good			
Security deposits	1,242.88	914.85	
Loans to employees	14.41	24.96	
	1,257.29	939.81	
Unsecured, considered doubtful			
Security deposits	41.24	67.51	
Less : Provision for impairment	(41.24)	(67.51)	
	-	-	
Current			
Security deposits - unsecured	83.81	411.32	
Loans to employees - unsecured	52.55	46.92	
	136.36	458.24	
	1,393.65	1,398.05	
9 Other financial assets		<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019	
Current			
Unsecured, considered good			
Unbilled revenue	749.90	1,157.85	
Interest accrued but not due	417.70	-	
Others receivables from related parties (refer note 33)	1,412.33	1,859.20	
Others receivables	14.36	6.43	
	2,594.29	3,023.48	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

10 Other assets

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Non current		
Capital advances	603.36	689.32
<i>Advances other than capital advances</i>		
Payments under protest*		
Unsecured, considered good	4,198.16	4,438.50
Unsecured, considered doubtful	171.50	171.50
Less: Allowance for doubtful advances	(171.50)	(171.50)
	4,198.16	4,438.50
	4,801.52	5,127.82
Current		
Prepayments	1,109.31	922.21
Advance for supply of goods	633.85	1,121.76
Balances with government authorities		
Unsecured, considered good	5,951.05	3,899.05
Unsecured, considered doubtful	548.33	554.04
Less : Allowance for doubtful receivables	(548.33)	(554.04)
	5,951.05	3,899.05
	7,694.21	5,943.02
	12,495.73	11,070.84

* The above payments represents deposits given to government authorities.

11 Inventories*

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Raw materials	14,073.20	11,599.67
[Including in - transit Rs. 6,731.11 (2019: Rs. 3,524.19 lakhs)]		
Packing materials	604.39	714.44
Work-in-progress	1,655.05	1,248.60
Finished goods	8,268.94	13,006.15
Stock-in-trade	16,502.54	11,349.33
[Including in - transit Rs. 6,584.98 (2019: Rs. 4,005.52 lakhs)]		
	41,104.12	37,918.19

* Refer note 3(f) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 431.69 lakhs (31 March 2019 : Rs 268.87 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 2,564.95 lakhs (31 March 2019 : Rs. 779.52 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

12 Cash and cash equivalents

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Cash on hand	0.09	-
<i>Balances with banks</i>		
- In current accounts	11,576.62	47,039.04
- Deposit accounts (original maturity of less than three months)	55,000.00	-
	66,576.71	47,039.04

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

13 Equity share capital

(Rs. in lakhs except for number of shares)

As at	31 March 2020	31 March 2019
Authorised :		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2019 : 11,265,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>
Issued, subscribed and paid up:		
Equity shares fully paid up	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2019 : 1,12,65,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	1,12,65,070	1,126.51	1,12,65,070	1,126.51
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>1,12,65,070</u>	<u>1,126.51</u>	<u>1,12,65,070</u>	<u>1,126.51</u>

(b) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding Company

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	84,48,802	844.88	84,48,802	844.88

(d) Details of shareholders holding more than 5 % of total number of equity shares

	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%

(e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

14 Other equity

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
(i) Securities premium reserve	949.90	949.90
(ii) General reserve	32.25	32.25
(iii) Remeasurement of defined benefit plans, net of tax effect	(717.07)	(342.84)
(iv) Retained earnings	206,084.46	184,187.21
	<u>206,349.54</u>	<u>184,826.52</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Nature and purpose of other equity

(i) Securities premium reserve:

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

(ii) General reserve:

General reserve comprises of the reserve generally available to the shareholders of the Company

(iii) Other comprehensive income:

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of Profit and Loss and will be reclassified to retained earnings.

(iv) Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to retained earnings.

Financial liabilities

15 Borrowings

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Secured		
Long term maturities of finance lease obligations (refer note (a) below)	-	745.44
	<u>-</u>	<u>745.44</u>

Note:

(a) Rate of interest for finance lease obligations ranges from 3.40% to 13.90% per annum. Finance lease obligations are secured by hypothecation of assets underlying the leases. Finance lease obligations are payable on monthly / quarterly payment of equated monthly installments beginning from the month subsequent to taking the lease. Period of maturity for the lease obligations of vehicles is 4 years and for equipments it ranges from 2 years to 5 years. Also refer note 28(a) and 42.

Debt reconciliation statement in accordance with Ind AS 7

(Rs. in lakhs)

Non current borrowings and current maturities of long term borrowings	31 March 2020	31 March 2019
Opening balance	1,349.57	946.17
Recognition pursuant to adoption of IND AS 116	2,670.08	-
Addition to lease liability	2,275.20	-
Interest cost	319.47	-
Payment of lease liability (including interest thereon)	(2,437.24)	403.40
Closing balance	<u>4,177.08</u>	<u>1,349.57</u>

16 Provisions

(Rs. in lakhs)

As at	31 March 2020		31 March 2019	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 32)	-	2,294.26	-	2,107.94
Compensated absences	59.42	503.17	57.30	446.72
Others (refer note 38)				
Provision for asset retirement obligation	-	90.57	-	90.55
Sales tax, service tax and other issues	2,191.49	-	3,179.85	-
Provision for credit notes and sales return	3,729.20	-	3,411.58	-
	<u>5,980.11</u>	<u>2,888.00</u>	<u>6,648.73</u>	<u>2,645.21</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

17 Trade payables

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Total outstanding dues of micro and small enterprises (Refer note (a) below)	1,362.44	1,825.38
Total outstanding dues of creditors other than micro and small enterprises*	27,681.56	30,509.76
	29,044.00	32,335.14

Note (a)

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal	1,362.44	1,825.38
- Interest	22.05	39.61
2. The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year:		
- Interest	99.98	-
- Principal	27,050.92	12,120.98
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year	22.05	39.61
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	49.45	127.38

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

* Includes due to related party (refer note 33)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 40.

18 Other financial liabilities

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
Current maturities of finance lease obligations (refer note 15 (a))	-	604.13
Deposits from customers	813.38	974.23
Creditors for capital goods	136.12	32.72
Payroll related liabilities	2,537.50	5,194.24
Intercompany payables (refer note 33)	1,233.86	1,429.70
Accrued expenses	5,380.83	6,430.85
Other payables	242.98	501.85
	10,344.67	15,167.72

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 40.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

19 Other current liabilities		(Rs. in lakhs)	
As at	31 March 2020	31 March 2019	
Advance from customers	204.81	281.65	
Statutory liabilities	2,930.05	3,803.47	
	3,134.86	4,085.12	

20 Revenue from operations		(Rs. in lakhs)	
For the year ended	31 March 2020	31 March 2019	
Sale of products			
Finished goods	156,512.82	154,523.50	
Traded goods	116,633.48	122,497.53	
Sale of services*	3,127.16	3,610.96	
Other operating revenue			
Income from duty drawback	77.05	111.43	
Scrap sales	137.22	132.55	
	276,487.73	280,875.97	

* Sale of services includes income from contract research Rs. 1,984.76 lakhs (31 March 2019 : Rs. 2,658.91 lakhs) (refer note 30 (c)) and management support service fee of Rs. 1,142.40 lakhs (31 March 2019 : Rs. 952.05 lakhs). Also refer note 33.

Disaggregation of revenue from operations:

Business Segments	31 March 2020	31 March 2019
Safety and Industrial	96,893.89	102,880.31
Transportation and Electronics	101,970.45	102,211.85
Health Care	43,448.06	42,740.11
Consumer	31,966.12	30,348.57
Others	2,209.21	2,695.13
Total	276,487.73	280,875.97

Reconciliation of revenue from sale of products with the Contracted Price

Contracted Price	292,286.99	298,021.82
Less: Reduction towards volume rebates	(11,085.66)	(11,502.70)
Less: Reduction primarily towards sales returns and others	(4,713.60)	(5,643.15)
Revenue recognised	276,487.73	280,875.97

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving event based contracts.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

21 Other income	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Interest income from financial assets carried at amortised cost	2,534.76	2,685.21
Liabilities no longer required written back (net)	1,167.74	597.95
Miscellaneous income	455.82	-
	4,158.32	3,283.16
22 Cost of materials consumed	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Inventory of materials at the beginning of the year	12,314.11	10,512.52
Add: Purchases (refer note 33)	105,220.21	88,542.93
Less: Inventory of materials at the end of the year	(14,677.59)	(12,314.11)
	102,856.73	86,741.34
23 Purchases of stock-in-trade	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Abrasive	2,155.86	8,903.57
Fusion bonded epoxy coating	5,123.57	4,819.74
Medical surgical and dental products	11,238.21	5,883.04
Self adhesive films	10,842.09	14,857.77
Others	29,797.38	28,851.11
	59,157.11	63,315.23
Also refer note 33.		
24 Changes in inventories of finished goods, stock-in-trade and work-in-progress	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Opening inventory		
- Finished goods	13,006.15	12,546.57
- Stock-in-trade	11,349.33	10,281.43
- Work-in-progress	1,248.60	1,388.41
	25,604.08	24,216.41
Closing inventory		
- Finished goods	8,268.94	13,006.15
- Stock-in-trade	16,502.54	11,349.33
- Work-in-progress	1,655.05	1,248.60
	26,426.53	25,604.08
(Increase) in inventory	(822.45)	(1,387.67)
25 Employee benefits expense	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Salaries, wages and bonus	26,263.81	25,688.70
Contribution to provident and other funds (refer note 32)	1,941.57	1,937.67
Share based payment expenses (refer note 31)	(573.47)	341.44
Staff welfare expenses	2,150.24	2,138.34
	29,782.15	30,106.15

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

26 Finance costs

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Finance costs on finance lease obligations	319.47	44.44
Interest expense on financial liability measured at amortised cost	41.64	64.74
	361.11	109.18

27 Other expenses

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Consumption of stores and spares	699.43	735.35
Power and fuel	1,557.43	1,643.80
Water charges	46.46	35.10
Rent (refer note 28(b) and 42)	302.48	1,942.29
Repairs and maintenance		
- Plant and machinery	706.71	787.52
- Building	365.58	409.32
- Others	77.50	110.63
Insurance	199.00	213.49
Rates and taxes	253.04	1,365.75
Communication expenses	220.50	243.87
Travel and conveyance	2,168.74	2,991.81
Legal and professional charges (refer note (a) below)	1,159.94	936.41
Selling, distribution and advertisement expenses	6,752.49	8,398.23
Commission	350.93	361.62
Freight outward	5,501.26	6,006.82
Royalty (refer note 30 (a) and 33)	3,820.22	5,096.23
Corporate management fees (refer note 30 (b)(i) and 33)	11,790.19	12,713.33
Directors' sitting fees	10.00	9.40
Provision for impairment of investment in subsidiary company (refer note 40(B)(iv))	7,990.00	-
Provision for doubtful debts (net)	1,399.17	1,027.17
Exchange loss on foreign currency transactions (net)	1,521.16	1,223.50
Expenditure towards corporate social responsibility activities (refer note 35)	897.75	770.05
Loss on sale of property, plant and equipment (net)	2.38	1.40
Miscellaneous expenses	3,741.03	4,318.21
	51,533.39	51,341.30

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(a) Payment to auditors # (Rs. in lakhs)

	31 March 2020	31 March 2019
As auditors:		
Audit fee	102.00	96.00
Tax audit fee	8.00	8.00
Others	5.60	-
Reimbursement of out-of-pocket expenses	3.00	3.00
Total	118.60	107.00

Excluding goods and service tax.

28 (a) Finance lease obligations

The Company has taken vehicles, leasehold improvements and data processing equipment under finance lease agreements. The minimum lease rental payments under the finance leases are as under:

(Rs. in lakhs)

	31 March 2020*			31 March 2019		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Within less than one year	-	-	-	639.72	35.59	604.13
Between one and five years	-	-	-	773.50	28.06	745.44
	-	-	-	1,413.22	63.65	1,349.57

(b) Operating leases

A. Leases as lessee

The Company has taken office premises, warehouse and residential premises under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenure of the lease is generally for eleven months to ninety six months.

i. Future minimum lease payments

As at the year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2020*	31 March 2019
Payable in less than one year	-	1,385.64
Payable between one and five years	-	1,546.30
	-	2,931.94

ii. Amounts recognised in profit or loss

	31 March 2020*	31 March 2019
Lease expenses – minimum lease payments	-	1,942.29
	-	1,942.29

*On transition to Ind AS 116 - Leases, these amounts are nil. Refer note 42.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

29 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2020	31 March 2019
Net profit attributable to equity shareholders	21,897.25	32,299.08
Weighted average number of equity shares outstanding during the year	1,12,65,070	1,12,65,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	194.38	286.72
Diluted earnings per share (Rs.)	194.38	286.72

30 Inter Company agreements and arrangements

- a) *Intellectual property agreement* – The Company has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the Company has incurred an expenditure of Rs. 3,820.22 lakhs for the year ended 31 March 2020 (31 March 2019: Rs. 5,096.23 lakhs) and disclosed as Royalty under other expenses.
- b)(i) *Support services and corporate management fees* - In order to avail economies of scale, the Company has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Company has incurred the following expenditure:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
- Laboratory and technical assistance manufacturing services	782.44	1,106.89
- Selling and marketing services	4,441.11	5,808.09
- Information technology services	4,853.37	3,027.44
- Other managerial services	1,713.27	2,770.91
Corporate management fee	11,790.19	12,713.33
- Foreign services employees expense are included in employee costs amounting to	434.78	919.81

The Company has accrued an amount of Rs. 3,170.43 lakhs (31 March 2019 : Rs. 3,445.19 lakhs) in respect of estimated liability for the above services during period 1 January 2020 to 31 March 2020, the actual liability would be ascertained by December 2020.

- (ii) The support service agreement enables the Company to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Company has recharged Rs. 1,382.29 lakhs (31 March 2019 : Rs. 1,442.94 lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of Rs. 1,142.40 lakhs (31 March 2019 : Rs. 952.05 lakhs).
- c) *Contract research agreement* – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Company has recognized an income of Rs. 1,984.76 lakhs (31 March 2019 : Rs. 2,658.91 lakhs).

31 Employee stock option plan

A. Description of share based payment arrangements

i) *Share purchase plan (equity-settled)*

3M Company, USA, the parent Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 327.47 lakhs (2019: Rs. 319.96 lakhs) and cumulatively amounting to Rs. 1,640.53 lakhs (2019: Rs. 1313.06 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 28.77 lakhs (2019: Rs. 32.17 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 18).

ii) *Stock appreciation rights and Restricted stock units (cash-settled)*

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs) / restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. Exercise price of SARs and RSUs will be Nil. As of the year end a sum of Rs. 900.21 lakhs (2019: Rs. 3,644.91 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 18).

B. Measurement of fair values

The Company measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA as on 31 March 2020.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	31 March 2020	31 March 2019
Fair value (in \$)	12.79	38.93
Share price (in \$)	133.24	201.12
Expected volatility (%)	19.69%	20.35%
Expected life (years)	6.54 years	6.55 years
Expected dividends (%)	2.65%	2.50%
Risk free interest rate (%)	1.39%	2.58%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behaviour of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2020 is set out below:

	31 March 2020		31 March 2019	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	75,362	-	73,756	-
Granted	8,744	-	9,315	-
Forfeited and expired	2,726	-	-	-
Exercised	18,592	-	10,244	-
Transferred from 3M Electro & Communication India Pvt. Ltd.	-	-	2,535	-
Outstanding at the end	62,788	-	75,362	-
Exercisable at the end	45,840		61,228	
Restricted stock unit				
Outstanding at the beginning	6,119	-	7,258	-
Granted	3,258	-	2,578	-
Forfeited and expired	54	-	-	-
Exercised	2,042	-	3,717	-
Outstanding at the end	7,281	-	6,119	-
Exercisable at the end	-		3,543	

D. Expense recognised in Statement of profit and loss

An amount of Rs. 573.47 lakhs has been credited (31 March 2019: Rs. 341.44 lakhs has been debited) to the Statement of profit and loss for the year and included under Employee benefits expense.

E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is USD 198.11 and USD 160.08 respectively.

The above disclosures have been made to the extent information is available with the Company.

32 Employee benefits

(a) Defined contribution plan

The Company offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M India Ltd Employees Superannuation Fund Trust. Other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Statement of profit and loss, which are included in contribution to provident and other funds:

	<i>(Rs. in lakhs)</i>	
Benefits (contribution to)	31 March 2020	31 March 2019
Provident fund	1,289.52	1,296.74
Superannuation fund	115.34	129.93
Employee State Insurance Corporation	0.48	0.43
	1,405.34	1,427.10

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities towards gratuity to the 3M India Ltd Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2020 and 31 March 2019, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2020	31 March 2019
Obligation at the beginning of the year	4,290.66	3,867.21
Current service cost	408.32	390.65
Interest cost	305.47	285.93
Actuarial loss / (gains)	421.59	(26.94)
Benefits paid	(542.81)	(226.19)
Obligation at the end of the year	4,883.23	4,290.66
B. Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2020	31 March 2019
Plan assets at the beginning of the year	2,182.72	2,289.41
Interest income on plan assets	177.56	166.01
Contribution by the Company	850.00	0.06
Remeasurements- Return on plan assets excluding amounts included in interest income	(78.50)	(46.57)
Benefits paid	(542.81)	(226.19)
Plan assets at the end of the year	2,588.97	2,182.72
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet	31 March 2020	31 March 2019
Present value of obligation at the end of the year	4,883.23	4,290.66
Fair value of plan assets at the end of the year	(2,588.97)	(2,182.72)
Liability recognised in balance sheet	2,294.26	2,107.94
D. Expenses recognized in the Statement of profit and loss	31 March 2020	31 March 2019
Current service cost	408.32	390.65
Interest cost	305.47	285.93
Interest income on plan assets	(177.56)	(166.01)
	536.23	510.57
E. Remeasurements recognized in Other comprehensive income	31 March 2020	31 March 2019
Actuarial (gains) / losses on defined benefit obligation	421.59	(26.94)
Actuarial losses / (gains) on plan assets	78.50	46.57
	500.09	19.63
F. Investment details of plan assets	31 March 2020	31 March 2019
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including Special deposits)	0.54%	1.58%
Fund balance with Insurance companies	99.46%	98.42%
	100.00%	100.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

G. Assumptions	31 March 2020	31 March 2019
Discount rate (per annum)	6.70%	7.60%
Rate of escalation in salary (per annum)	6.00%	6.00%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	15.00%	15.00%
31-34 years	10.00%	10.00%
35-44 years	5.00%	5.00%
45-50 years	3.00%	3.00%
51-54 years	2.00%	2.00%
55-60 years	1.00%	1.00%

(Rs. in lakhs)

H. Sensitivity analysis	31 March 2020	31 March 2019
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(413.96)	(349.74)
Effect on defined benefit obligation due to 1% decrease in discount rate	480.13	403.96
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate	478.94	406.64
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate	(420.38)	(357.97)

(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amount
1. March 31, 2021	320.96
2. March 31, 2022	396.06
3. March 31, 2023	421.51
4. March 31, 2024	266.89
5. March 31, 2025	662.12
6. March 31, 2026 to March 31, 2030	2,967.33

Notes :

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. Nil (31 March 2019 : Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2021.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

33 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA		
ii) Wholly owned subsidiary	3M Electro & Communication India Private Limited (w.e.f. 27 December, 2018)		
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited	
	3M Thailand Limited	Dyneon B.V.	
	3M France S.A	3M Belgium S.A./N.V.	
	3M Gulf Limited	3M Singapore Pte. Ltd.	
	3M Asia Pacific Pte. Ltd	Sumitomo 3M Limited	
	P.T. 3M Indonesia	3M Taiwan Limited	
	3M APAC RDC Pte Limited	3M Technologies (S) Pte Ltd	
	3M Australia Pty. Limited	3M Philippines, Inc.	
	3M Canada Company	3M Pakistan Private Limited	
	3M Do Brasil Limitada	3M International Trading (Shanghai) Co., Ltd	
	3M EMEA, GmbH	3M Panama Pacifico S Der L.	
	3M Espana, S.A.	3M Panama S.A	
	3M Hong Kong Limited	3M Vietnam Limited	
	3M Innovation Singapore Pte Limited	3M Hellas Limited	
	3M Italia S.P.A.	3M Germany Hilden GmbH	
	3M Malaysia Sdn. Bhn.	3M Innovation (Thailand) Co. Ltd.	
	3M Korea Limited	3M UK Holdings Limited	
	3M Korea Health & Safety Ltd	3M Wendt GmbH	
	3M Korea High Tech, Korea	3M Winterthur Technologies AG	
	3M United Kingdom PLC	3M Touch System Singapore PTE	
	3M ESPE Dental AG	3M Peru S.A	
	Dyneon GmbH	3M Svenska AB	
	3M Unitek Corporation	3M International Group B.V.	
	3M Material Tech(Guangzhou) Co., Limited	Emfi S.A	
	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd	
	3M South Asia Manufacturing Private Limited	3M Material Tech Hefei Co Ltd	
	3M Saudi Arabia	Winterthur Tech Taican Co Ltd	
	3M Speciality Materials (Shanghai) Co. Ltd.	3M Health Care Ltd, Japan	
	Trimodal Softech Solutions Private Limited	Capital Safety Products India Private Limited	
	3M Global Service Management Company		
	iv) Post employment benefit plan entities	3M India Limited Employees Gratuity Fund Trust	3M India Limited Employees Superannuation Fund Trust

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- v) Key management personnel **Executive Directors**
 Debarati Sen (Managing Director) (upto 31 May 2019)
 Ramesh Ramadurai (Managing Director) (from 01 June 2019)
 B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020)
- Non-executive Directors**
 Amit Laroya
 Debarati Sen (from 01 June 2019 till 02 March 2020)
 Bharat D. Shah
 Biren Gabhawala
 Radhika Rajan
 Albert C. Wang (Resigned effective 21 August 2018)
 Sadhana Kaul (Resigned effective 05 May 2020)
 Jongho Lee
- Others**
 Mamta Gore (Chief Financial Officer)
 V. Srinivasan (Company Secretary)

The details of the amounts due to or due from related parties are as follows:

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Trade payables		
3M Company, USA	9,846.95	7,356.55
3M APAC RDC Pte Limited	1,186.22	2,106.99
3M Australia Pty. Limited	0.56	-
3M Canada Company	829.20	773.75
3M China Limited	596.87	489.75
3M Do Brasil Limitada	87.35	202.10
3M Electro & Communication India Private Limited	11.97	5.34
3M EMEA, GmbH	2,765.31	1,732.05
3M Gulf Limited	70.63	-
3M Hong Kong Limited	75.01	2.96
3M Innovation Singapore Pte Limited	3,754.81	-
3M International Trading (Shanghai) Co. Ltd.	1.96	16.97
3M Korea Limited	164.45	597.13
3M Korea High Tech, Korea	79.60	303.53
3M Material Tech(Guangzhou) Co., Limited	50.92	70.06
3M Panama Pacifico S Der L.	84.57	12.81
3M Singapore Pte. Ltd.	122.75	7,193.40
3M Speciality Materials (Shanghai) Co. Ltd.	380.71	275.52
3M Taiwan Limited	2.63	2.86
3M Thailand Limited	53.90	47.63

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
3M United Kingdom Plc	2.40	-
3M Unitek Corporation	38.05	20.51
Dyneon GmbH	14.22	-
Dyneon B.V.	-	16.27
3M Matl Tech Suzhou Co Ltd	249.02	-
3M Material Tech Hefei Co Ltd	204.51	-
Winterthur Tech Taican Co Ltd	39.77	-
Emfi S.A	152.32	314.10
Sumitomo 3M Limited	35.31	1,977.07
3M Health Care Ltd, Japan	1,468.42	-
	22,370.39	23,517.35
Other financial liabilities		
3M Company, USA	1,071.76	1,331.60
3M Electro & Communication India Private Limited	-	11.97
3M Singapore Pte. Ltd.	162.10	86.13
	1,233.86	1,429.70
Trade receivables		
3M Company, USA	10.91	13.29
3M Electro & Communication India Private Limited	5.74	101.26
3M EMEA, GmbH	0.73	74.66
3M Gulf Limited	2.83	13.49
3M Hong Kong Limited	10.27	15.52
3M Lanka Private Limited	-	44.06
3M Malaysia Sdn. Bhn.	0.85	1.28
3M Philippines, Inc.	-	0.04
3M Singapore PTE Ltd	27.26	6.04
3M Speciality Materials (Shanghai) Co. Ltd.	8.67	7.73
3M Taiwan Limited	-	6.14
3M Thailand Limited	54.82	106.70
3M Vietnam Limited	71.92	37.64
3M Saudi Arabia	119.53	364.80
P.T. 3M Indonesia	143.63	52.16
Sumitomo 3M Limited	0.29	4.42
	457.45	849.23

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Other financial assets		
3M Company, USA	-	203.85
3M China Limited	73.22	553.41
3M Korea Limited	250.40	462.19
3M Philippines, Inc.	114.01	-
3M Thailand Limited	39.19	35.98
P.T. 3M Indonesia	215.20	213.67
3M Malaysia Sdn. Bhn.	27.80	27.37
Trimodal Softech Solutions Private Limited	70.35	-
3M International Trading (Shanghai) Co. Ltd.	534.75	345.25
3M South Asia Manufacturing Private Limited	87.41	17.48
	1,412.33	1,859.20

Details of the related party transactions entered into by the Company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Remuneration paid to Key management personnel #		
Debarati Sen	362.39	567.70
Ramesh Ramadurai	383.96	-
B V Shankaranarayana Rao	560.30	224.44
Mamta Gore	405.21	364.62
V. Srinivasan	50.73	46.17
	1,762.59	1,202.93

Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

Sitting fees and commission paid to Key management personnel

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Bharat D. Shah	21.60	18.60
Biren Gabhawala	21.40	18.20
Radhika Rajan	21.00	17.60
	64.00	54.40

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Sales of products (net of returns)		
3M Company, USA	118.06	218.33
3M Gulf Limited	20.91	110.37
3M Thailand Limited	434.28	448.02
3M Malaysia Sdn Bhn	50.50	2.62
3M Korea Limited	122.75	39.01
P.T. 3M Indonesia	423.56	144.46
3M EMEA, GmbH	86.87	219.09
3M Pakistan Private Limited	23.82	35.55
3M Lanka Private Limited	(2.79)	39.92
3M China Limited	-	18.79
3M Electro & Communication India Private Limited	9.33	94.58
3M Hong kong Limited	32.45	54.26
3M Taiwan Limited	14.24	6.18
3M Philippines, Inc	-	0.04
3M Vietnam Limited	306.66	102.96
3M Singapore Pte. Ltd.	0.06	7.82
Sumitomo 3M Limited	102.64	75.07
3M Saudi Arabia	362.91	1,018.02
3M Asia Pacific Pte. Ltd.	92.29	0.38
3M Do Brasil Limitada	20.93	61.33
	2,219.47	2,696.80
Contributions during the year		
3M India Limited Employees Gratuity Fund Trust	850.00	0.06
3M India Ltd Employees Superannuation Fund Trust	115.34	129.93
	965.34	129.99
Investment in shares of subsidiary company		
3M International Group B.V.	-	28,650.30
3M Company, USA	-	29,819.70
	-	58,470.00
Income from contract research		
3M Company, USA	1,984.76	2,658.91
	1,984.76	2,658.91
Income from management support services		
3M Company, USA	911.53	895.38
3M South Asia Manufacturing Private Limited	69.92	87.41
Capital Safety Products India Private Limited	1.20	-
Trimodal Softech Solutions Private Limited	159.75	-
	1,142.40	982.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
Reimbursement of expenses received		
3M Company, USA	854.87	2,060.64
P.T. 3M Indonesia	505.46	419.37
3M Korea Limited	482.18	444.97
3M Singapore PTE Ltd	295.99	145.82
3M Thailand Limited	153.03	37.04
3M Philippines, Inc	172.27	-
3M Malaysia Sdn Bhn	88.26	66.42
3M China Limited	132.24	329.32
3M Electro & Communication India Private Limited	202.06	201.57
	2,886.36	3,705.15
Purchase of materials (net of returns)		
3M Company, USA	35,719.78	34,029.77
3M APAC RDC Pte Limited	7,568.39	6,719.52
3M Australia Pty. Limited	0.56	-
3M Belgium S.A./N.V.	14.43	7.71
3M Canada Company	2,522.81	993.51
3M China Limited	1,686.62	975.42
3M Do Brasil Limitada	348.05	375.93
3M EMEA, GmbH	4,733.69	2,663.06
3M Espana, S.A.	-	777.60
3M ESPE Dental AG	798.58	173.33
3M France S.A	504.59	876.91
3M Germany Hilden GmbH	2,765.18	2,562.77
3M Hong Kong Limited	182.60	13.20
3M Innovation (Thailand) Co. Ltd.	3.15	2.68
3M Innovation Singapore Pte Limited	22,853.86	23,638.31
3M Italia S.P.A.	27.35	39.51
3M Korea Health & Safety Ltd	-	0.91
3M Vietnam Limited	7.13	-
3M Korea Limited	1,187.74	1,469.47
3M Malaysia Sdn. Bhn.	9.70	6.40
3M Material Tech(Guangzhou) Co., Limited	55.28	73.80
3M Panama S.A	474.78	20.99
3M Philippines, Inc.	8.66	-
3M Speciality Materials (Shanghai) Co. Ltd.	821.62	526.14

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2020	31 March 2019
3M Taiwan Limited	84.50	10.16
3M Thailand Limited	258.47	162.43
3M UK Holdings Limited	321.39	896.03
3M Unitek Corporation	201.42	68.88
3M Wendt GmbH	9.19	47.03
3M Winterthur Technologies AG	228.29	1,014.90
3M Wroclaw SP. Z O.O.	592.43	484.59
3M Material Technology (Hefei) Co Limited	546.32	-
Dyneon B.V.	16.40	-
Dyneon GmbH	1,768.68	1,349.36
3M International Trading (Shanghai) Co., Ltd	29.30	33.30
3M Korea High Tech, Korea	361.30	416.96
3M Singapore Pte. Ltd.	330.58	296.60
3M Technologies (S) Pte Ltd	1.41	-
3M Touch System Singapore PTE	-	1.96
3M Svenska AB	300.17	42.54
3M Peru S.A	-	63.41
Sumitomo 3M Limited	6,029.18	7,753.16
3M Electro & Communication India Private Limited	-	12.19
	93,373.58	88,600.44
Corporate management fees (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	-	12,713.33
3M Global Service Management Company	11,790.19	-
	11,790.19	12,713.33
Royalty (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	3,820.22	5,096.23
	3,820.22	5,096.23
Recharges of expenses paid		
3M Company, USA	209.82	684.79
3M Lanka Private Limited	-	30.74
3M Gulf Limited	224.96	235.02
	434.78	950.55

34 Segment Reporting

Effective 1 April 2019, The Company realigned its former five business segments Industrial, Health care, Safety and Graphics, Consumer and Electronics and Energy into four, the new business segments are Safety and Industrial, Transportation and Electronics, Health Care, and Consumer. Existing divisions were largely realigned to this new structure. In accordance with Ind AS 108 'Operating segments', segment information are included in the consolidated financial statement of the Company and therefore no separate disclosure on segment information has been given in these standalone financial statement.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

35 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 897.57 lakhs (31 March 2019: Rs. 768.00 lakhs) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current and previous year:

(Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
(i) Amount spent other than for construction / acquisition of any asset	897.75	770.05
(ii) Amount not spent	-	-
Total	897.75	770.05

36 Contingent liabilities and commitments:

(Rs. in lakhs)

As at	31 March 2020	31 March 2019
a) Guarantees:		
- Issued by Company's bankers	4,863.30	4,279.47
b) Claims against the Company not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	18,470.69	12,768.35
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	3,570.02	5,963.47
- Service tax matters (refer note (v) below)	917.01	917.01
- Central excise duty matters (refer note (vi) below)	1,295.10	1,206.27
c) Bills discounted	200.79	118.33

Notes:

- (i) Income tax matters mainly relate to intercompany charges.
- (ii) The Company during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.50 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Company for payment of the above amount. The Company has filed an appeal against the order including for obtaining a stay against any recovery proceedings that may be initiated and accordingly no liability has been recognised in the books.
- (iii) The Company was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Company has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Company has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs.577 lakhs which is not included in the amount above.
- (iv) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002 and Karnataka Value Added Tax Act, 2003. These are pertaining to the years from 2003-04 to 2015-16. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.
- (v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Company without registering as an Input service distributor.
- (vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement in the previous year. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Capital commitments	31 March 2020	31 March 2019
Estimated value of contracts in capital account remaining to be executed	1,164.40	982.64

During the year ended 31 March 2020, no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

37 Tax expenses

(a) Amount recognised in Statement of profit and loss (Rs. in lakhs)

	31 March 2020	31 March 2019
Current tax	9,335.29	18,652.61
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	807.77	(1,205.76)
Tax expense for the year	10,143.06	17,446.85

Note: The Company elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

(b) Reconciliation of effective tax rate (Rs. in lakhs)

	31 March 2020		31 March 2019	
Profit before tax		32,040.31		49,745.93
Tax at statutory income tax rate 25.168% (31 March 2019 - 34.944%)	25.168%	8,063.91	34.944%	17,383.22
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>				
Non-deductible expenses	0.41%	130.75	0.30%	147.40
Impact due to change in tax rate	1.97%	629.99	-	-
Provision for impairment of investment in subsidiary company	4.04%	2,010.92	-	-
Others	(2.16%)	(692.51)	(0.17%)	(83.77)
Income tax expense	29.42%	10,143.06	35.07%	17,446.85

(c) Deferred tax assets and liabilities are attributable to the following: (Rs. in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets) / liabilities net	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	-	-	1,102.25	2,009.81	1,102.25	2,009.81
Employee benefits expense	772.30	1,011.74	-	-	(772.30)	(1,011.74)
Provisions	1,995.46	3,345.49	-	-	(1,995.46)	(3,345.49)
	2,767.76	4,357.23	1,102.25	2,009.81	(1,665.51)	(2,347.42)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(d) Movement in temporary differences

(Rs. in lakhs)

Particulars	Balance as at 1 April 2018	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2019
Property, plant and equipment	2,087.37	(77.56)	-	2,009.81
Employee benefits expense	(888.93)	(115.95)	(6.86)	(1,011.74)
Provisions	(2,333.24)	(1,012.25)	-	(3,345.49)
	<u>(1,134.80)</u>	<u>(1,205.76)</u>	<u>(6.86)</u>	<u>(2,347.42)</u>

(Rs. in lakhs)

Particulars	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2020
Property, plant and equipment	2,009.81	(907.56)	-	1,102.25
Employee benefits expense	(1,011.74)	365.30	(125.86)	(772.30)
Provisions	(3,345.49)	1,350.03	-	(1,995.46)
	<u>(2,347.42)</u>	<u>807.77</u>	<u>(125.86)</u>	<u>(1,665.51)</u>

(e) Details of income tax assets and income tax liabilities

(Rs. in lakhs)

	31 March 2020	31 March 2019
Income tax assets (net)	9,027.15	5,519.96
Current tax liabilities (net)	(2,279.50)	(1,787.93)
Net current income tax asset/ (liability) at the end of the year	<u>6,747.65</u>	<u>3,732.03</u>

(f) The gross movement in the current income tax asset / (liability)

(Rs. in lakhs)

	31 March 2020	31 March 2019
Net current income tax asset / (liability) at the beginning of the year	3,732.03	2,461.84
Income tax paid	12,350.91	19,922.80
Current income tax expense	(9,335.29)	(18,652.61)
Net current income tax asset/ (liability) at the end of the year	<u>6,747.65</u>	<u>3,732.03</u>

38 Provision movement

(Rs. in lakhs)

Particulars	1 April 2019	Addition	Utilisation/ reversals	31 March 2020
a) Asset retirement obligation	90.55	0.02	-	90.57
b) Sales tax, service tax and other issues	3,179.85	696.00	1,684.36	2,191.49
c) Credit notes and sales return	3,411.58	3,729.20	3,411.58	3,729.20
	<u>6,681.98</u>	<u>4,425.22</u>	<u>5,095.94</u>	<u>6,011.26</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	1 April 2018	Addition	Utilisation/ reversals	31 March 2019
a) Warranty	81.63	-	81.63	-
b) Asset retirement obligation	90.50	0.05	-	90.55
c) Sales tax, service tax and other issues	2,048.15	1,221.34	89.64	3,179.85
d) Credit notes and sales return	4,105.30	3,411.58	4,105.30	3,411.58
	6,325.58	4,632.97	4,276.57	6,681.98

39 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term, short-term borrowings and lease liabilities. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Lease liability	4,177.08	-
Debt	-	1,349.57
Total equity	2,07,476.05	1,85,953.03
Debt to total equity ratio	2.01%	0.73%

40 Financial Instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2020

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	7	-	-	-	50,658.82	50,658.82
Loans to employees	8	-	-	-	66.96	66.96
Security deposits	8	-	-	-	1,326.69	1,326.69
Other financial assets	9	-	-	-	2,594.29	2,594.29
Cash and cash equivalents	12	-	-	-	66,576.71	66,576.71
		-	-	-	121,223.47	121,223.47
Financial liabilities not measured at fair value						
Lease liability	42	-	-	-	4,177.08	4,177.08
Trade payables	17	-	-	-	29,044.00	29,044.00
Other financial liabilities	18	-	-	-	10,344.67	10,344.67
		-	-	-	43,565.75	43,565.75

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2019

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	7	-	-	-	54,613.88	54,613.88
Loans to employees	8	-	-	-	71.88	71.88
Security deposits	8	-	-	-	1,326.17	1,326.17
Other financial assets	9	-	-	-	3,023.48	3,023.48
Cash and cash equivalents	12	-	-	-	47,039.04	47,039.04
		-	-	-	106,074.45	106,074.45
Financial liabilities not measured at fair value						
Finance lease obligation	15, 18	-	-	-	1,349.57	1,349.57
Trade payables	17	-	-	-	32,335.14	32,335.14
Other financial liabilities	18	-	-	-	14,563.59	14,563.59
		-	-	-	48,248.30	48,248.30

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

B. Financial Risk Management

The Company has exposure to the following risk arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

i. Risk management framework

The Company's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

ii. Credit risk

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, and arises principally from the Company's receivables from customers.

(a) Financial assets that are not credit impaired

The Company has financial assets which are in the nature of cash and cash equivalents, loans to employees, unbilled revenue from related party, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

(b) Financial assets that are credit impaired

Trade receivables

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The maximum exposure to credit risk for trade receivables by geographic region is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2020	31 March 2019
India	55,040.48	57,744.61
Other regions	451.71	747.97
	55,492.19	58,492.58

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2020	31 March 2019
Distributors	31,639.14	30,146.05
Other	23,853.05	28,346.53
	55,492.19	58,492.58
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	3,279.77	3,939.45
Net receivables	52,212.42	54,553.13

Expected credit loss assessment for the Company as at 31 March 2019 and 2020.

The Company has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Company has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of Rs. 55,492.19 lakhs (31 March 2019: 58,492.58 lakhs), the exposure considered for expected credit loss is Rs. 52,212.41 lakhs (31 March 2019 :Rs. 54,553.13). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables:

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2020			
Current (not past due)	31,802.20	1.35%	430.01
0-90 days	15,446.27	4.23%	652.72
91-180 days	1,566.12	28.23%	442.16
181-270 days	277.39	67.79%	188.04
271-360 days	408.84	100.00%	408.84
> 360 days	2,711.60	100.00%	2,711.60
	52,212.42		4,833.37

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2019			
Current (not past due)	41,020.47	1.60%	656.45
0-90 days	10,526.91	5.38%	566.10
91-180 days	220.66	32.79%	72.36
181-270 days	684.90	70.61%	483.59
271-360 days	638.24	100.00%	638.24
> 360 days	1,461.95	100.00%	1,461.95
	54,553.13		3,878.70

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows: *(Rs. in lakhs)*

	31 March 2020	31 March 2019
Balance as at 1 April	3,878.70	3,012.81
Utilised during the year	(444.50)	(161.28)
Impairment loss recognised	1,399.17	1,027.17
Balance as at 31 March	4,833.37	3,878.70

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities: *(Rs. in lakhs)*

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
31 March 2020					
Non-derivative financial liabilities					
Lease liability	2,427.78	1,009.72	739.58	-	4,177.08
Trade and other payables	39,388.67	-	-	-	39,388.67
	41,816.45	1,009.72	739.58	-	43,565.75
31 March 2019					
Non-derivative financial liabilities					
Finance lease obligations	604.13	474.03	271.41	-	1,349.57
Trade and other payables	46,898.73	-	-	-	46,898.73
	47,502.86	474.03	271.41	-	48,248.30

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Exposure to currency risk

The summary quantitative data about the Company's unhedged exposure to currency risk as reported to the management is as follows:
(Rs. in lakhs)

	31 March 2020				31 March 2019			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	14,512.96	3,085.96	4,039.65	2,360.96	13,219.72	2,187.53	7,279.53	2,757.78
Trade and other receivables	1,864.04	-	-	-	2,589.69	-	-	-
Net exposure in respect of recognised assets and liabilities	<u>12,648.92</u>	<u>3,085.96</u>	<u>4,039.65</u>	<u>2,360.96</u>	<u>10,630.03</u>	<u>2,187.53</u>	<u>7,279.53</u>	<u>2,757.78</u>

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs. in lakhs)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (for 1% movement)	126.49	(126.49)	94.65	(94.65)
EURO (for 1% movement)	30.86	(30.86)	23.09	(23.09)
SGD (for 1% movement)	40.40	(40.40)	30.23	(30.23)
Others (for 1% movement)	23.61	(23.61)	17.67	(17.67)
	<u>221.36</u>	<u>(221.36)</u>	<u>165.64</u>	<u>(165.64)</u>
31 March 2019				
USD (for 1% movement)	106.30	(106.30)	69.15	(69.15)
EURO (for 1% movement)	21.88	(21.88)	14.23	(14.23)
SGD (for 1% movement)	72.80	(72.80)	47.36	(47.36)
Others (for 1% movement)	27.58	(27.58)	17.94	(17.94)
	<u>228.56</u>	<u>(228.56)</u>	<u>148.68</u>	<u>(148.68)</u>

In March 2020, the World Health Organization declared COVID 19 to be a Pandemic. The Company adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has evaluated the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets and liabilities including investment in its subsidiary and its internal financial controls. In performing such assessment, the Company has applied assumptions, considered internal and external information upto the date of approval of these standalone financial statements. The actual impact of the global pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and Globally. The Company will continue to closely monitor any material changes to future economic conditions. Based on such assessment, the Company does not expect material impact on its carrying value of assets and liabilities other than the write down of the carrying value of its investment in its subsidiary.

During the year ended 31 March 2020, the Company evaluated the carrying value of its investment in its subsidiary (3M Electro & Communication India Private Limited) given the impact of the COVID 19 Pandemic on the current and future operations of the subsidiary. Based on its assessment the Company has recorded an impairment of Rs. 7,990 lakhs to the carrying value of the investment in the subsidiary which is included under other expenses.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

41 Research and development expenses (Rs. in lakhs)

For the year ended	31 March 2020	31 March 2019
Capital expenditure	584.51	162.31
Revenue expenditure	5,543.91	5,265.00
	6,128.42	5,427.31

42 Ind As 116

- (a) Impact on transition to Ind AS 116 - The Company has adopted Ind AS 116 "Leases" on all the lease contracts existing on 01 April 2019 using modified retrospective method on the date of initial application. Accordingly, comparative for the year ended 31 March 2019 have not been retrospectively adjusted. The impact of transition to Ind AS is summarised below:

(Rs. in lakhs)

Particulars	Amount*
Right of Use	2,670.08
Lease Liability	(2,670.08)

* excluding reclassification from PPE and borrowings.

- (b) The Company has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Company is restricted from entering into any sub-lease arrangements. Information about leases for which the Company is a lessee is presented below:

Right-of-use assets (Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
Balance as at 1 April 2019 (On adoption of Ind AS 116)	2,670.08	-	-	-	2,670.08
Reclassification pursuant to adoption of Ind AS 116 (refer note 4)*	-	371.79	1,082.72	240.37	1,694.88
Additions during the year	1,457.51	-	748.56	69.13	2,275.20
Depreciation charge for the year	1,537.58	5.04	605.68	130.38	2,278.68
De-recognition during the year	-	-	-	9.03	9.03
Balance as at 31 March 2020	2,590.01	366.75	1,225.60	170.09	4,352.45

The Company incurred Rs 302.48 lakhs for the year ended 31 March 2020 towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is 2,437.24 Lakhs (including interest of Rs. 301.95 lakhs) for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets. The Group has lease term extension options that are not reflected in the measurement of lease liabilities.

* The incremental borrowing rate on the previously considered operating leases is 9%.

43 Details of non-current investments (Rs. in lakhs)

	Face value per unit	As at 01 April 2019	Purchase/ addition during the year	Sold / deletion during the year	Impairment	As at 31 March 2020
Investments in subsidiaries (Carried at cost)						
Equity shares, unquoted						
3M Electro & Communication India Private Limited [100% Subsidiary]	Rs. 10	58,470.00	-	-	(7,990.00)	50,480.00
Total		58,470.00	-	-	(7,990.00)	50,480.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- 44** The Board of Directors of the Company and its Subsidiary Company 3M Electro & Communication India Private Limited, at their Meetings held on November 13, 2019 had approved the Scheme of Amalgamation ('the Scheme') of 3M E&C ('Transferor Company') with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was April 1, 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Company's Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020. As the Company did not get the requisite approvals of 90% of the total number of Shares and 90% of the value (amount) of Creditors, the Scheme of Amalgamation did not go through under Section 233(1)(b) of the Companies Act, 2013. The Company will go ahead with an alternate plan for the merger.
- 45** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 2020.

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W/W-100022

Vikash Gupta

Partner

Membership No: 064597

Place: Bengaluru

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Place: Dubai

Date: 29 May 2020

Ramesh Ramadurai

Managing Director

[DIN: 07109252]

Mamta Gore

Chief Financial Officer

[PAN: AKIPG9089M]

Place: Mumbai

Date: 29 May 2020

Place: Bengaluru

Date: 29 May 2020

Radhika Rajan

Director

[DIN: 00499485]

V. Srinivasan

Company Secretary

[M. No. A16430]

For and on behalf of the Board of Directors