motherson sumi systems limited

edition 31

Believe you can and you are half way there.

# Annual Report

2017-2018

Year **3/5** of our **2020** plan.

Proud to be part of samvardhana **motherson**

## Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable stakeholders to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Corporate information.

(Late) Smt. S.L. Sehgal
Founder Chairperson

(Late) Sh. K.L. Sehgal
Chairman Emeritus

## Board of Directors

Mr. Vivek Chaand Sehgal
Chairman

Mr. Sushil Chandra Tripathi,
IAS (Retd.)
Independent Director

Mr. Shunichiro Nishimura
Director

Mr. Arjun Puri
Independent Director

Mr. Gautam Mukherjee
Independent Director

Ms. Geeta Mathur
Independent Director

Mr. Naveen Ganzu
Independent Director

Mr. Laksh Vaaman Sehgal
Director

Ms. Noriyo Nakamura
Director

Mr. Pankaj Mital
Whole-time Director and
Chief Operating Officer

## Chief Financial Officer

Mr. G.N. Gauba

## Registered Office

Unit 705, C Wing, ONE BKC, G Block,
Bandra Kurla Complex, Bandra East,
Mumbai – 400051, Maharashtra, India

## Investor Cell

Mr. Alok Goel
Company Secretary
E-mail : investorrelations@motherson.com

## Registrar

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B
Plot Number 31 & 32
Financial District Nanakramguda
Serilingampally Mandal
Hyderabad – 500032, Telangana, India

## Auditors

S.R. Batliboi & Co. LLP
Golf View Corporate Tower-B
Sector-42, Sector Road
Gurugram – 122002, Haryana, India

## Bankers

- State Bank of India
- Axis Bank Ltd.
- Citibank N.A.
- DBS Bank Ltd.
- HDFC Bank Ltd.
- ICICI Bank Ltd.
- Japan Bank for International Cooperation
- Standard Chartered Bank
- The Bank of Tokyo Mitsubishi UFJ Ltd.
- The Hongkong and Shanghai Banking Corporation Ltd.

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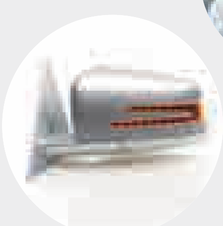


# Believe you can and you are half way there.

MSSL is making big investments in organic growth half-way the 2020 plan. In the theme section, we focus on the biggest plants that Motherson has ever invested in. To build a greenfield plant is a massive task. It requires perseverance, flexibility and stamina. But above all, one needs a firm belief that together we will make it happen.

In the theme pages, we look at how our teams of "believers", from apprentices to managers, have worked together to set-up our new plants in Tuscaloosa (USA), Kecskemét (Hungary) and Zitlaltepec (Mexico). These plants represent major efforts to support our customers in these regions.

In the case of Kecskemét, establishing the plant also represents entering a new geography for SMP, helping us progress further towards our 3CX15 objective. In Zitlatepec, we are already in production and delivering parts to our customers, after a smooth ramp-up phase. And in Tuscaloosa – the heart of the so-called "Detroit of the South" - we are currently conducting trial runs with the customer, while the launch is scheduled for October 2018. The theme pages start on page 40.

Welcome to our new plants!

**Jeff Fuller**
Plant Manager at SMP Tuscaloosa

**Erik Lenart**
Plant Manager at SMP Kecskemét

**David Carillo**
Plant Manager at SMP Zitlaltepec



# Dear Shareholders,

This 2018 letter accompanies the third and middle annual report of our current five-year plan. FY 2017-18 has been very good for MSSL. **Consolidated sales of your company ended at INR 55,858 Crore (USD 8.6 billion), a 33% increase compared to last year.** Operating EBITDA is up 23% and our PAT increased by 3%. Consolidated Return on Capital Employed (ROCE) stands at 18%. **MSSL's standalone ROCE is at 46%. The dividend pay-out for FY 2017-18 constitutes 36% of consolidated profits after tax.** This amounts to dividends of INR 2.25 per share. **We have received new orders worth EUR 4.7 billion for SMRPBV during FY 2017-18.**

Our results confirm that we are keeping the pace on the organic growth path we have set for ourselves for 2020. In this annual report, therefore, we want to give you a glimpse of some of the largest plants MSSL has ever built, to get a better perspective on the investments we are making for future organic growth. We are giving a more detailed look at our new plants in Kecskemét, Tuscaloosa and Zitlaltepec. You will meet some of the people who have worked extremely hard to build these plants from nothing, to become important new anchors of support to our customers in their regions.

This will not only show a glimpse of the ramp-up and some of the new production technologies MSSL has invested in, but will also give a sense of the value these new plants have for the local communities. They are among the largest employers in their areas. The support we have received from local governments and citizens has been very positive. We are extremely proud of the fact that so many new people have joined us, to help us serve our customers better. In line with our philosophy of creating value for all, we are creating sustainable value for the communities, thus creating greater and more stable value for our customers. This in turn creates more value for our investors in the long run.
This brings me to the theme we have chosen for this annual report:

## Believe you can and you are half way there.

The topline targets we set for ourselves may look ambitious, but we have a clear visibility. We have already undertaken some acquisitions. However we do not focus only on the top line. We have always maintained that the targets we set ourselves have to be accompanied by 40% ROCE. We believe that this focus has guided us on the right path, whether it be partnerships or acquisitions - we will not make a decision just to hit a turnover target. Our returns have to create value for all involved. We are an organisation that firmly maintains - if you believe, you are half way there. And for 2020, we believe we are on track.

This year marks another special occasion for us. **In September 2018, MSSL will celebrate 25 years of being a listed entity.** On the 9th of that month in 1993, our stock was publicly traded for the first time, with an opening price of INR 41 (par value Rs. 10). Our total share capital at the end of the first trading day was around INR 58 million, with market capitalisation of INR 238 million.

Today, two and a half decades later, our stock trades at around INR 341 (par value Re. 1) and the total market capitalisation of MSSL stands at INR 717 billion as on 23.05.2018. This jump in value certainly gives a sense of the tremendous growth we have experienced, financially, organisationally and as individuals.

Naturally, the journey has not been without its challenges. On many occasions, circumstances led us to remember a line from Tagore's song "Ekla Chalo Re":

*If no-one heeds your call*
*then walk alone*

As an organisation and as teams, together, we have on occasions walked alone.

For example, when our customers asked us to take over Visiocorp (now SMR), a company similar in size to our own, that too in the midst of the Lehman crisis, not everybody thought it wise. And yet, we took a unanimous decision to do it. The turnaround has been phenomenal, thanks to the unwavering belief of our teams and our apprentices in their own abilities. And our belief in them. Similarly, when we acquired Peguform (SMP) and PKC – people were apprehensive about such large acquisitions, but we could see the large potential and synergies. We believe that sometimes, we have to have the courage to walk alone if we believe the path is the right one for us. This approach will continue to guide us, as we move towards 2020 and begin to think about what lies beyond.

**For the occasion of our 25th anniversary of being a listed company on India stock exchanges, we are introducing a new MSSL logo. The logo is modern and forward-looking. It contains a visual symbol with three progressive bars, which reflect the three pillars of our growth: organic growth, growth through partnerships and inorganic growth. These principles will continue to guide us on our journey into the future. Our new logo will be gradually rolled-out across our companies and facilities, over the coming months.**

**In the light of our 25 years of listing, I want to extend my special gratitude to our investors and shareholders. Thank you for your support and trust.** Your support has enabled us to achieve many of our dreams. Your support has helped us gain the trust of the world's most respected automotive companies and follow them into more and more countries around the world. We are grateful for your trust.

To our customers, I want to say, thank you for your continued faith in us. Our global footprint today is because of you, for believing that no place in the world was too far for us to serve you and your needs. We are grateful for the opportunities you brought us and are committed to the promises we make to you, every day.

To our collaborators, thank you for helping us help our customers and for helping us bring better quality, new products and new technologies to them. To our employees and teams, thank you for your commitment to support each other and for continuously improving our work for our customers. We would like to thank all local, state and national governments, concerned bodies, the banks and financial institutions in all countries in which we operate, for their support. On behalf of MSSL, thank you for your faith and belief. **It continues to move us forward in this exciting journey towards 2020.**

Sincerely yours,

**Vivek Chaand Sehgal**
**Chairman, Motherson Sumi Systems Limited**

# Samvardhana Motherson International Ltd.

Samvardhana Motherson
International Limited

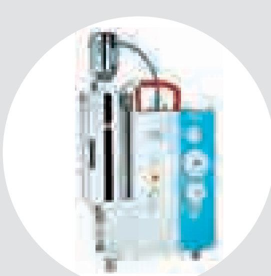
Samvardhana Motherson International Limited (SAMIL) is the nerve centre of Motherson. It provides operational, strategic and management support, not only to MSSL but also to all other SMG companies. SAMIL binds and manages the different ventures of the Group so that they can grow their capacity to create value for all its stakeholders.

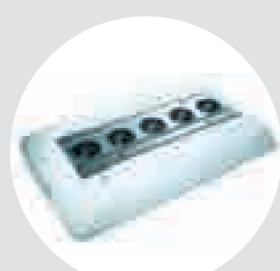
SAMIL's organic growth activities, restructuring plans and strategic profitability improvement initiatives have been the foundation of the evolution of the Samvardhana Motherson Group. SAMIL helps build the Group's diverse product portfolio and fosters deep manufacturing and design capabilities across the operating companies, to support a wide spectrum of ever-evolving customer requirements. Over the years, this has translated into trust among customers, investors, shareholders and employees, allowing the Group to grow further and hence create more value for its stakeholders.

SAMIL spearheads vertical and horizontal integration as a key building block in the evolution of Group's growth. SAMIL has promoted the ability to source from within the Group, an important factor for cost reduction, reliability, quality improvement and better timeliness as well as in developing greater internal synergies. In addition, SAMIL drives the shared services of the Group, such as IT systems and information management, procurement and back-office services to ensure that all back-end requirements are met smoothly and seamlessly. In keeping with its strategy for inorganic growth, since 2002, the Group has made 20 successful acquisitions. SAMIL has been instrumental in driving the Group's growth through partnerships, all of which are guided by the aim of augmenting capabilities to cater to various customer requirements. SAMIL's careful integration of business strategies with compelling value propositions and high quality has been its way of attaining excellence.

Today, the Group has 26 joint ventures partners who are leaders in their respective fields. These partners, along with subsidiaries, play a crucial role in strengthening SAMIL's product and process competencies. These partnerships also enable MSSL to further enhance its capabilities of being a full- system solutions provider across industry segments. All these approaches are guided with the single minded focus of creating value for all stakeholders.

***"SAMIL's careful integration of business strategies with compelling value propositions and high quality has been its way of attaining excellence."***





# Sumitomo Wiring Systems.

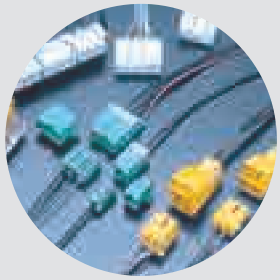
Sumitomo Wiring Systems, Ltd.

Sumitomo Wiring Systems Limited (SWS) is a 100% subsidiary of Sumitomo Electric Industries, Japan, a world leader in the manufacturing of wiring harnesses, harness components and other electric wires. The Motherson association with SWS goes back to 1983, when a technical agreement was signed. Subsequently, Motherson Sumi Systems Limited (MSSL) was established as a joint venture in 1986 to manufacture wiring harnesses in India. SWS continues to be the principal partner to MSSL and the partnership remains one of the oldest running JVs in India.

SWS has a deep commitment to and focus on R&D and they have consistently developed and introduced new components and technologies into the market. This in turn, has enabled MSSL to continuously innovate and provide its customers with the latest technologies in wiring harnesses, wires and components in India and improve its manufacturing efficiencies by several notches.

The relationship between the two partners has always been a collaborative one and the results speak for themselves. Sumitomo and MSSL have worked together on important projects such as junction boxes, aluminium wires in wiring harnesses, new generation connectors and automation of important processes among others. SWS's contribution to MSSL has also been in the area of technical support through resident technical advisors, training of engineers and production personnel, manufacturing methodologies, manufacturing techniques, quality circle activities, kaizen as well as collaborative design and development. Invaluable support of SWS has always enabled MSSL to deliver outstanding value to its customers.

> ***The relationship between the two partners has always been a collaborative one and the results speak for themselves.”***



# Samvardhana Motherson Group.

Samvardhana Motherson Group (SMG) is one of the world's fastest growing specialised automotive component manufacturers for OEMs. **The Group recorded a turnover of USD 10.5 billion in 2017-18.** It supports a well-balanced customer base in 37 countries spanning five continents, with more than 230 facilities and an international network of modern design centres.

The Group has been able to sustain strong growth through horizontal and vertical integration across its various businesses, augmenting the Group's ability to become a full-system solutions provider. By combining the power of innovation and high quality, SMG passionately creates world-class products that cater to customer needs globally.

The SMG business portfolio comprises electrical distribution systems (wiring harnesses), rear view mirrors, polymer processing, injection moulding tools, elastomer processing, modules and systems including cockpits and instrument panels, door trims, bumpers, lighting systems, air intake manifolds, pedal assemblies, HVAC systems, machined metal products, IT services, engineering and design, CAE services, cabins for off-highway vehicles, environment management systems, cutting tools, thin film coating metals, sintered metal parts, sheet metal stamping and aluminium die casted products.

The Group has also invested in technologies that provide manufacturing support, including compressors, paint coating equipment, auxiliary equipment for injection moulding machines and automotive manufacturing engineering services. This has been in keeping with the Group's belief of moving forward by virtue of excellence in delivery, creating value propositions and constant growth. SMG provides unwavering support to its customers, from the initial stages of product development including conceptualisation and design, along with prototyping and tool manufacturing to final production and delivery.

The Group has strong competencies in providing end-to-end solutions to its customers in each of its product verticals. Equal emphasis is laid on diversifying the product range and adding optimal capacity as per customer requirements. Furthermore, SMG has broadened its presence and strengthened its leadership position in the market through a combination of joint ventures, strategic acquisitions and steady organic growth. The trust it has built with customers is reflected in the multitude of customer awards which SMG receives each year.

***"The Group's core competency lies in the ability to provide end-to-end solutions to its customers in each of its product verticals."***

# Business portfolio.

## 01 Wiring harnesses

The Group makes wiring harnesses primarily for the automotive industry, catering to diverse vehicle segments. It is one of the most vertically integrated verticals. It also offers solutions for commercial and off-road vehicles, rolling stock and other industrial applications such as specialised medical equipment globally.

## 02 Rear view mirrors

The Group is among the world's major producers of rear view vision systems for the automotive industry, and supplies interior mirrors, exterior mirrors and camera-based detection systems to almost all major OEMs.

## 03 Polymers and modules

Polymer modules & components include some of the most integrated solutions supplied to the customers. The Group is a Tier One supplier of interior and exterior modules and polymer parts to the automotive industry worldwide.

## 04 Elastomers

The Group supplies a wide range of elastomer based solutions and products to a spectrum of industries, including automotive, medical, home appliances and for general industrial applications.

## 05 Metal working

The metal working group offers cutting tools, gear cutting tools, precision metal-machined components and products such as sintered metal parts, aluminium die casted products, and thin film coating services to a wide spectrum of customers.

## 06 IT, software and technology

This vertical provides critical support to all other businesses of the Group, by serving their IT needs and supporting product development, validation, prototyping, CAE services, tool design, etc. Apart from this, it serves the global customer base outside the Group as well.

## 07 Manufacturing support

The Group facilitates its customers' manufacturing related needs by offering a wide range of products and services such as air compressors, paint coating equipment, auxiliary equipment for injection moulding machines, and automotive manufacturing engineering services.

## 08 Aerospace Defence & Security

The Aerospace, Defence and Security vertical is SMG's initiative to establish its presence in sectors beyond automotive. The focus for this vertical is to become a preferred global solutions provider to Aerospace, Defence and Security customers by providing integrated solutions.

# Motherson Sumi Systems Limited.

motherson sumi systems limited

Motherson Sumi Systems Limited (MSSL) is the flagship company of the Samvardhana Motherson Group (SMG) and is a listed entity. From a small wiring harness maker in India, the company has evolved into a full system solutions provider and caters to a diverse range of customers in the automotive and other industries across Asia, Europe, the Americas, Australia and Africa.

MSSL offers a wide array of products and is well-recognised among leading manufacturers of automotive wiring harnesses, passenger car mirrors, plastic components and modules such as cockpits, bumpers and door trims. The company has also been expanding its presence in a broad range of other polymer, elastomer and metal-based parts and systems.

Through its own R&D combined with successful partnerships with global technology leaders over the years, MSSL has taken new and innovative technologies to developed and growing markets. The company has further enhanced its competencies by imbibing global best practices. MSSL has built state-of-the-art facilities and infrastructure and works relentlessly to improve its operational efficiency and productivity.

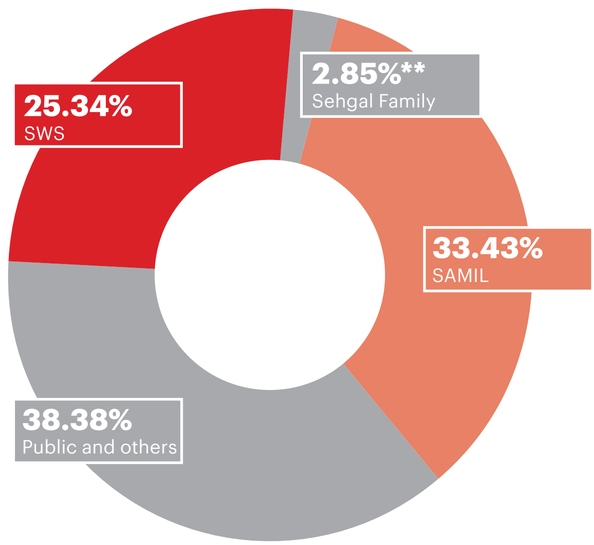
From organic growth through greenfield operations to entering new product categories or countries, to pervasive bottom-up process improvement setting, the primary focus in everything MSSL does is simple – meeting customer needs. The belief is that consistent outstanding performance leads to customer trust, which in turn drives MSSL's expansion.

Focused on Vision 2020, in the fifth five-year plan, MSSL aims to expand and consolidate operations in parallel. With over 180 facilities across 37 countries, MSSL offers proximity to its customers globally, setting up facilities and providing solutions wherever needed and in whichever product categories required. MSSL's focus on the customer and their growth drives its own progress.

***"The company has also been expanding its presence in a broad range of other polymer, elastomer and metal-based parts and systems."***

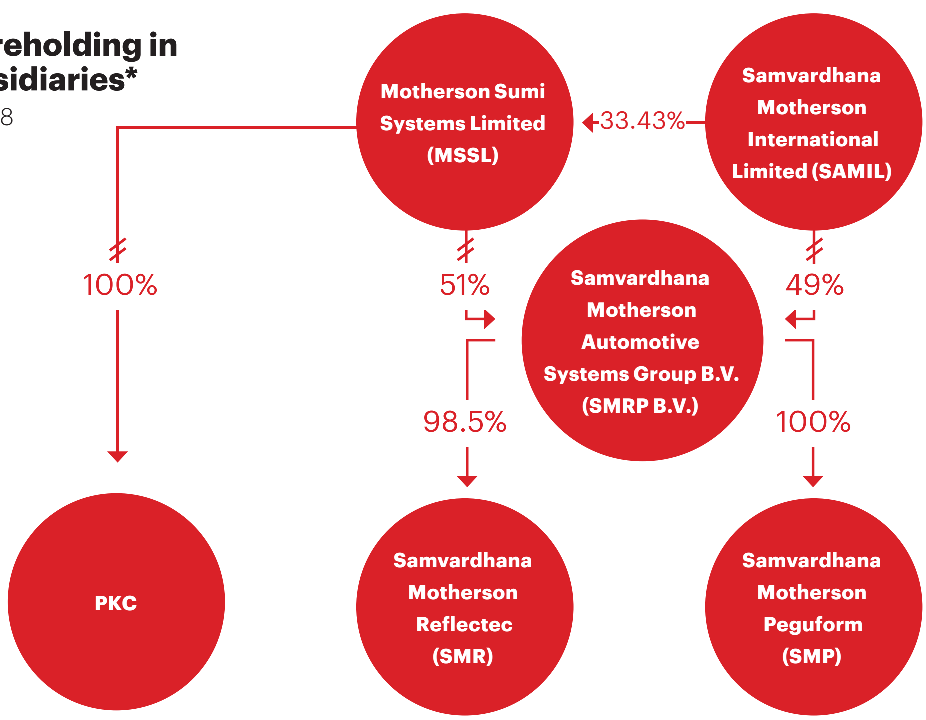
# MSSL shareholder structure.

**MSSL shareholding pattern**
as on 31.03.2018




*** 2.85% of Sehgal Family holding does not include 0.11% held by Radha Rani Trust*

**MSSL shareholding in major subsidiaries***
as on 31.03.2018




**This is not a legal structure*

*: Indirect Holding*

# Vision, mission and values.

## Values

- Be a lean, responsive and learning organisation
- Continuously improve to achieve world-class standards and total customer satisfaction
- Proactively manage change
- Maintain high standards of integrity and safety
- Ensure a common culture and a common set of values throughout the organisation
- Recognise individuals' contributions
- Develop stronger leadership skills, greater teamwork and a global perspective
- Constantly upgrade skill levels across the organisation through knowledge sharing programmes

## Mission

- Ensure customer delight
- Involve employees as "partners" in progress
- Enhance shareholder value
- Set new standards in good corporate citizenship

## Vision

To be a globally preferred solutions provider

# Vision 20

## The fifth 5-year plan.

**No. 1**

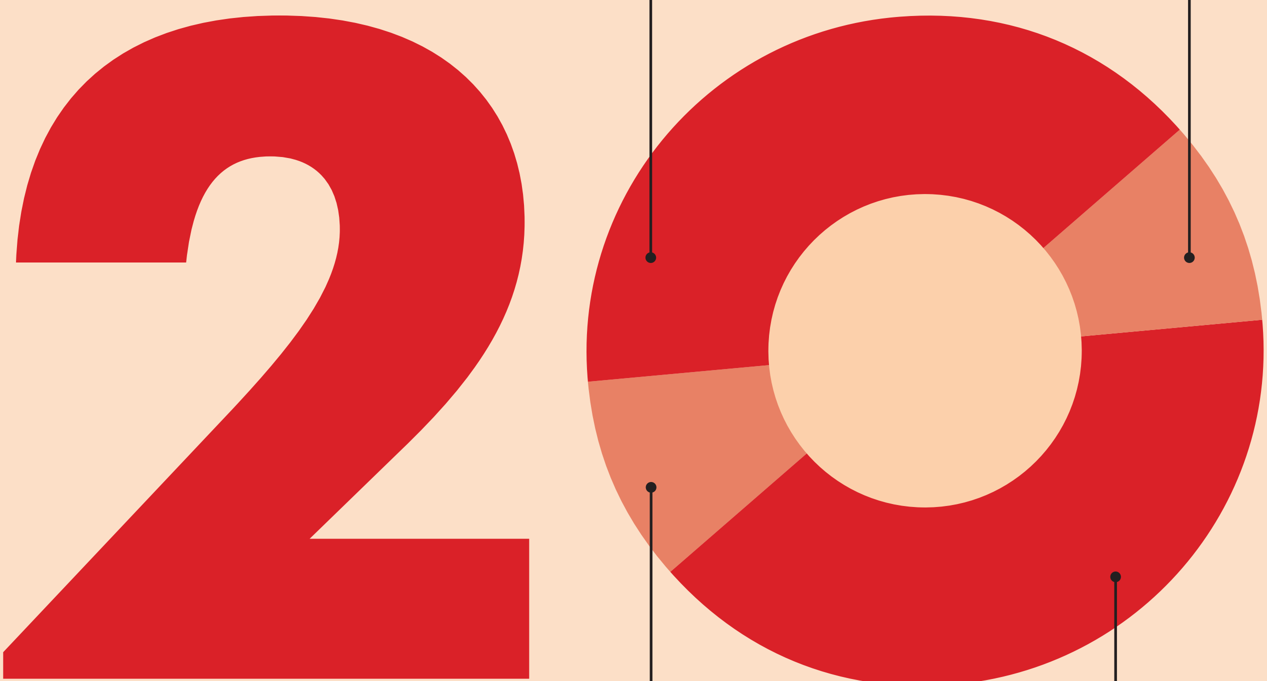
## USD 18 billion FY 19-20

(Turnover)

**No. 2**

## 40% ROCE

(Consolidated)



**No. 3**

## 3CX15

3CX15 means no country, customer or component should contribute more than 15% to our revenues

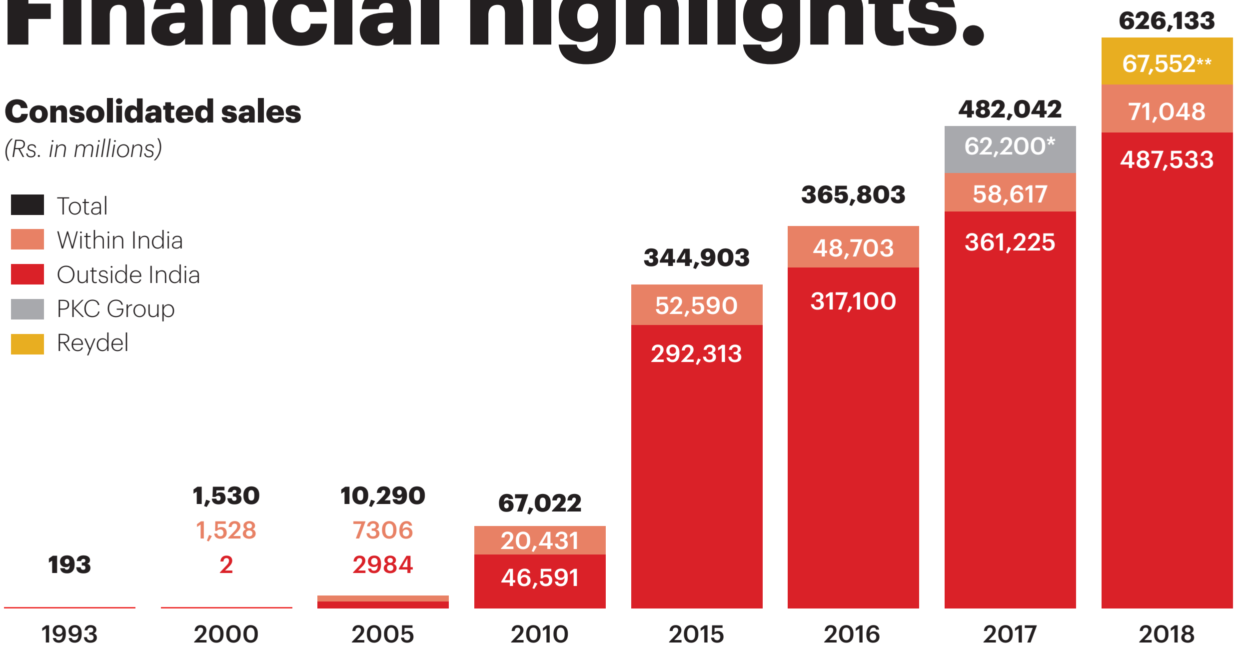
**No. 4**

## 40% of consolidated profit as dividend

# Financial highlights.

## Consolidated sales

*(Rs. in millions)*

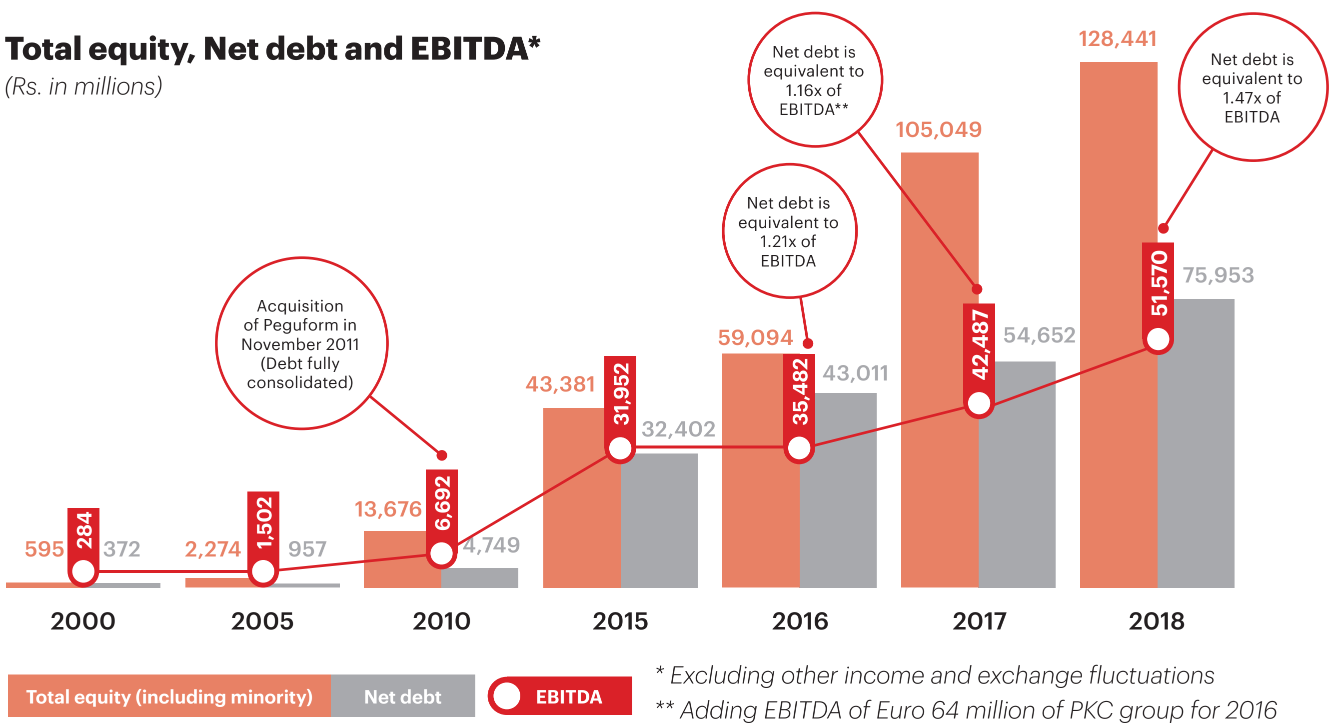



** Revenues of PKC group (acquired at the end of March 2017) of Euro 845.67 million for 2016 on pro forma*

** Revenue of proposed acquisition of Reydel group amounting USD 1,048 million (based on unaudited financials for CY 17 USGAAP) on proforma

## Total equity, Net debt and EBITDA*

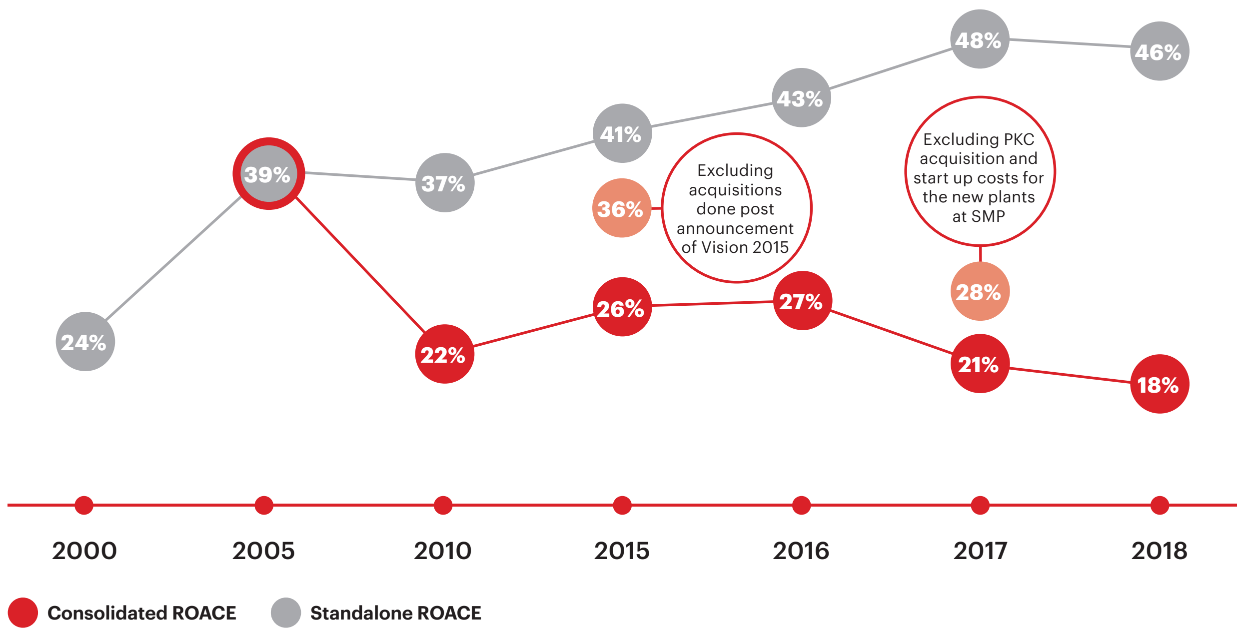
*(Rs. in millions)*




** Excluding other income and exchange fluctuations*

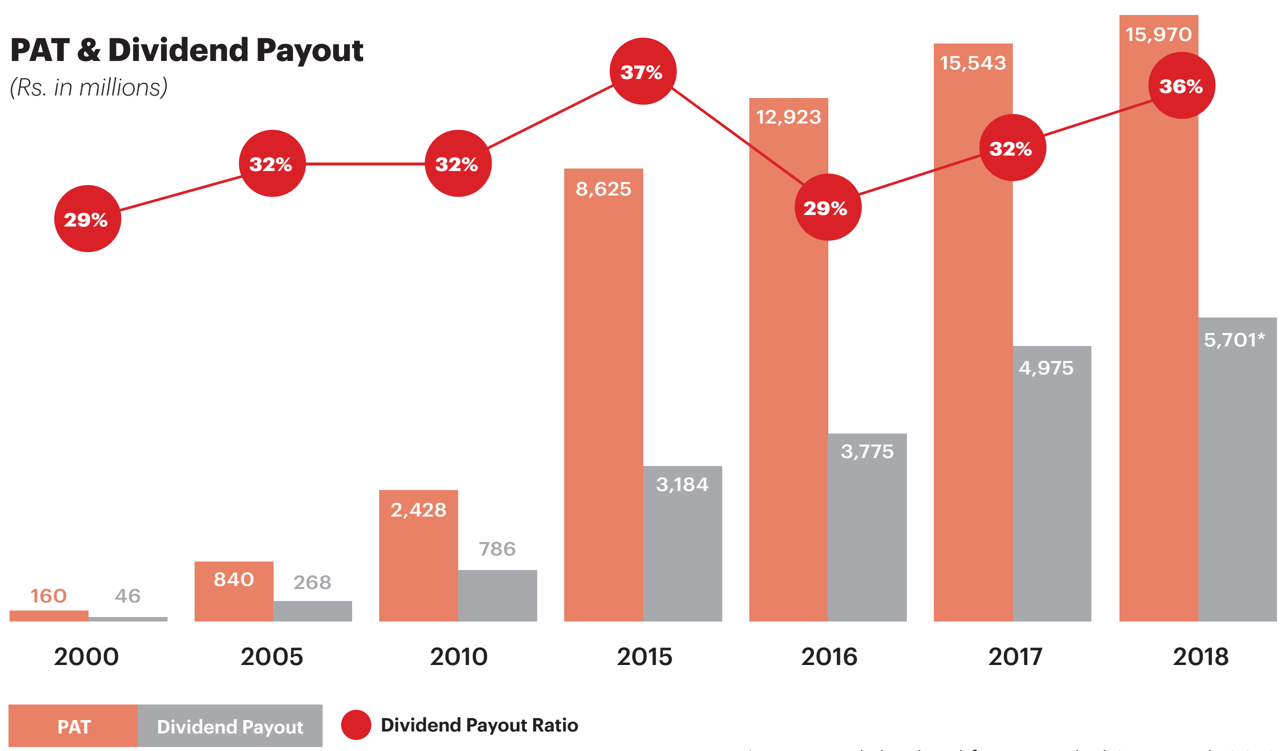
*** Adding EBITDA of Euro 64 million of PKC group for 2016*

## Return on Average Capital Employed (ROACE)




## PAT & Dividend Payout

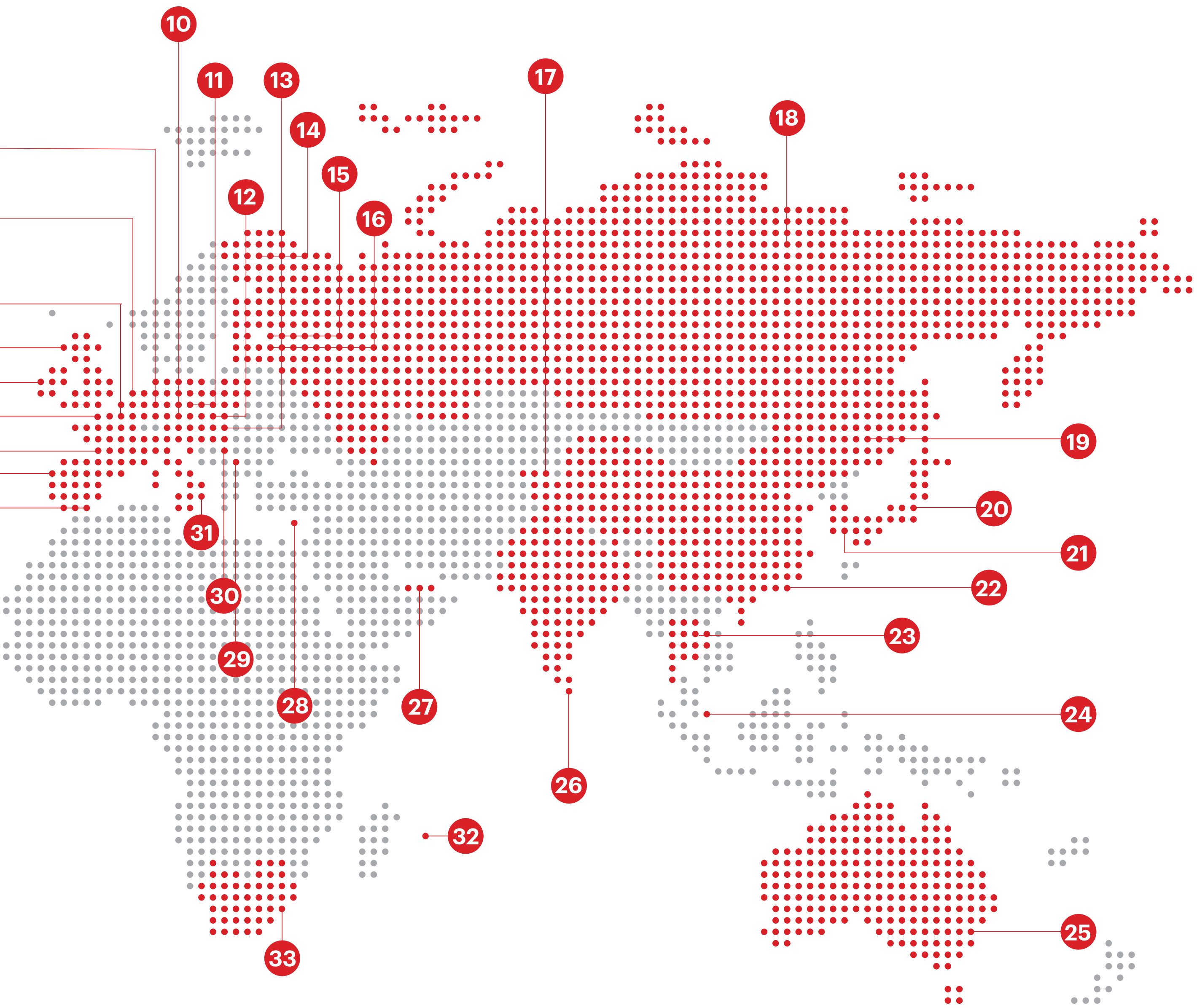
*(Rs. in millions)*




* Proposed dividend for FY ended 31st March 2018

# MSSL global locations.

1. Spain
2. Portugal
3. France
4. Jersey
5. Ireland
6. UK
7. Luxembourg
8. Netherlands
9. Germany
10. Czech Republic
11. Poland
12. Slovakia
13. Hungary
14. Finland
15. Estonia
16. Lithuania
17. India
18. Russia
19. China
20. Japan
21. South Korea
22. Hong Kong
23. Thailand
24. Singapore
25. Australia
26. Sri Lanka
27. UAE
28. Cyprus
29. Macedonia
30. Serbia
31. Italy
32. Mauritius
33. South Africa
34. Brazil
35. Mexico
36. USA
37. Canada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# Wiring harness.

MSSL's foundation was built upon the wiring harness business that was established in 1986, as a joint venture with Sumitomo. The collaboration between Motherson and Sumitomo started in 1983 when Motherson was called upon to supply wiring harnesses to the first car model from Maruti, India's "people car".

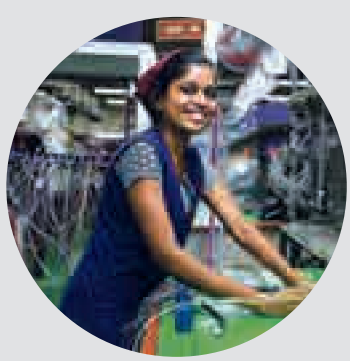
Today, MSSL is a leading supplier to all major OEMs in India, and covers the entire automotive spectrum from passenger cars, two- wheelers and commercial vehicles to off-road vehicles and farm, agricultural and material handling equipment.

**In March 2017, MSSL further solidified its market leadership position through its acquisition of PKC Group,** a global wiring harness maker in the commercial vehicle segment. **The acquisition asserts MSSL's entry into the rolling stock segment. It also creates an indelible mark in the wiring harness business for heavy-duty commercial vehicles in the North American and European markets, with a growing presence in China and Brazil.**

MSSL drives the organic growth through constant adaptation to evolving and complex customer needs, while maintaining the right processes and values across all operations.

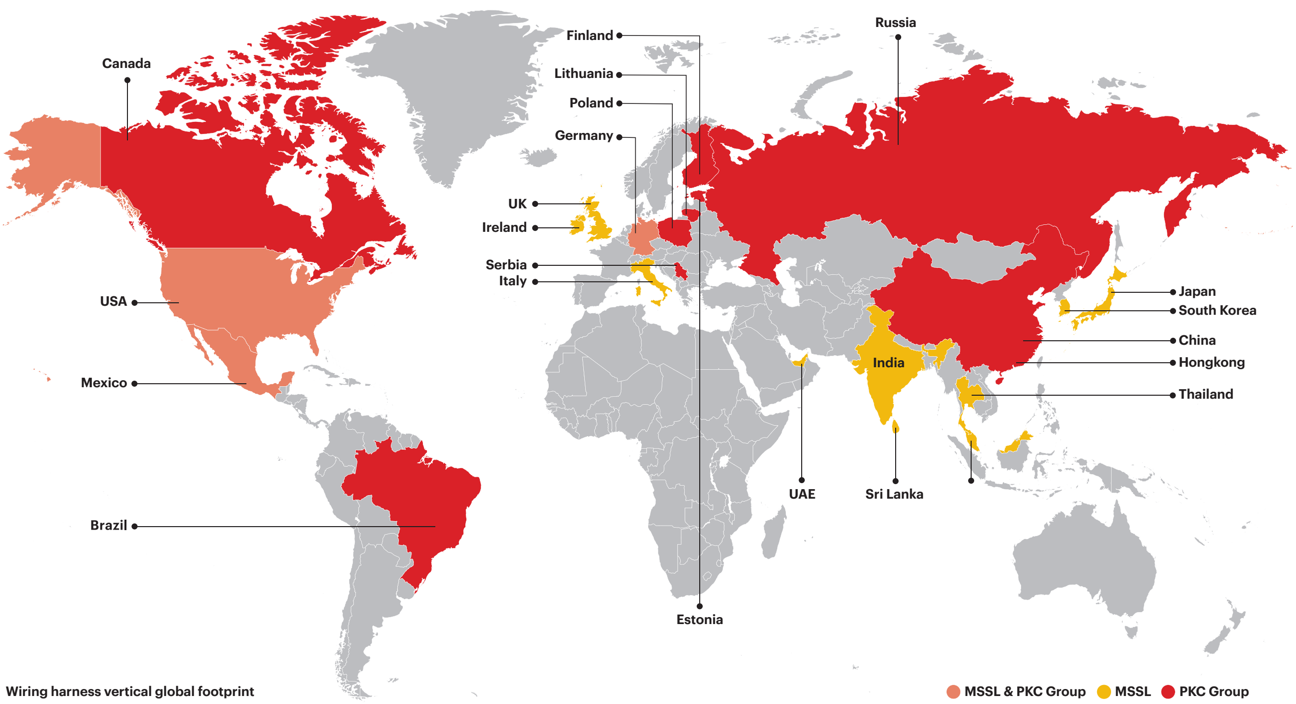
**This year, the wiring harness vertical expanded its capacity with two new facilities, in Pithampur in Madhya Pradesh and Noida in India, to meet the increased demand from existing and newly added customers. Through the two joint ventures in Hefei and Hubei, we strengthened our presence in commercial vehicle segment in China.**
Through an asset acquisition in the form of a plant at Tczew in Poland, we added capacities in the rolling stock segment. The rolling stock electrical distribution system company Fortitude Industries Inc., in Hornell, USA was acquired by PKC just before becoming part of MSSL. This company provides wiring harnesses and electro-mechanical assemblies including electrical cabinets for the rolling stocks industry in the USA.

The wiring harness vertical has added new customers in the commercial vehicle segment in Australia, Japan and India, further strengthening our presence in the global CV segment. The vertical also made forays in the lifestyle motorcycle and recreational vehicles market, through new awards in South-East Asia and North America. We were also awarded business for defence vehicles in North America. Significant new orders were won from our existing customers in different segments and geographies. New contracts were won from passenger car makers in India and for commercial vehicle manufacturers in India, Europe, North America and Japan. We won two wheeler contracts from



manufacturers in India, North America, Europe and Far-East Asia. Farm equipment makers awarded us new orders in India, North America, South America and Europe and off-highway vehicle manufacturers gave us new contracts in India and Far-east Asia. For recreational vehicles, we won new orders in North America.

***MSSL drives the organic growth in the vertical through constant adaptation to evolving and complex customer needs."***




Wiring harness vertical global footprint

# Mirrors.

The MSSL mirror business vertical, working under the name of Samvardhana Motherson Reflectec (SMR) is one of the largest manufacturers of mirrors for passenger cars in the world. The vertical develops and manufactures rear view mirror system and intelligent camera technologies for the automotive industry. The product range includes exterior and interior mirrors, mirrors with integrated lighting and turn signals, warning detection systems, telescopic trailer tow mirrors, as well as other rear view vision technologies including cameras and sensors that help make driving more comfortable and safer.

At the request of customers, a unanimous decision by the top management of MSSL to acquire Visicorp in 2009 led to the inception of SMR. The familiarity with Visiocorp's operation and customers owing to its joint venture with MSSL in India since 1996, led to a successful integration into the Motherson Group.

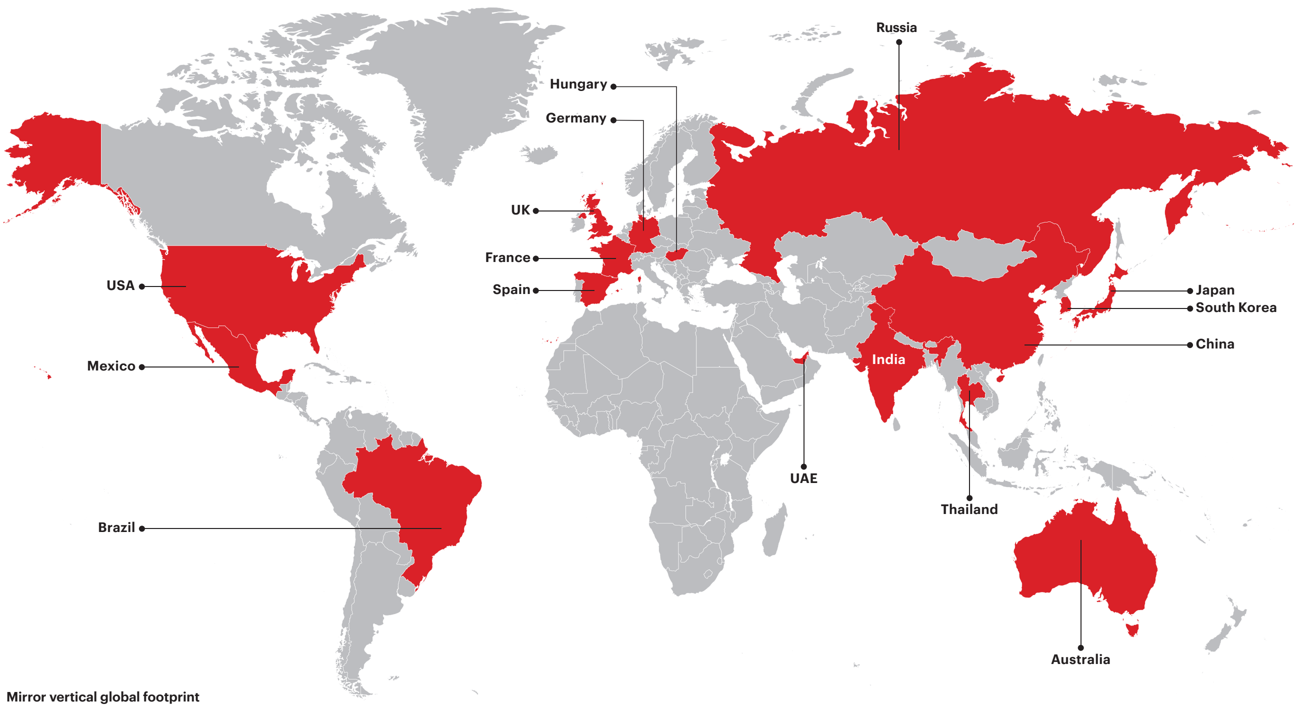
SMR equipped with its expertise in moulding technologies, decorative surface finishes, light weighting, lighting technologies aided by strong vertical integration in various mirror components, provides end to end solutions to its customers.

SMR's global network ensures best-in-class quality standards, applied consistently worldwide. All SMR companies are certified according to the latest automotive quality standards.

In the past financial year, **SMR established a new legal entity in Russia as a first step to support our customers in that huge country.** The company closed new contracts from customers for innovative design of exterior mirrors, helping them reduce their carbon footprint. These projects are currently under development. SMR also won contracts for new technologies of camera monitoring systems from several customers for their upcoming vehicles. These systems are intended to replace exterior mirrors and are designed to improve visibility at night and to strongly reduce wind drag.

SMR has won significant contracts with all of its top ten customers for the production and supply of exterior mirrors on four continents. The order book includes high quality products for a range of different vehicle segments, from small cars to sport cars, SUV's, luxury cars and electric vehicles.

“ All SMR companies are certified according to the latest automotive quality standards.”




Mirror vertical global footprint

# Polymers and modules.

The Polymers and Modules vertical is the largest business line of MSSL. Its encompasses high level polymer modules as well as process and tooling operations for interior, exterior and under bonnet components for various vehicle segments in countries around the globe.

The vertical's product line includes a full range, from smaller components and assemblies to fully completed cockpits, door trim modules, centre consoles as well as full body panels, pillar trims, bumper covers and modules, frontend carriers and modules. The in-house capabilities also include development and production of polymer compounds.

The vertical in its present evolved after 2011. When customers saw that MSSL successfully took over SMR in 2009, we were asked to consider Peguform as well. With the successful acquisition and integration of Peguform, which was then named Samvardhana Motherson Peguform (SMP), the success of MSSLs' polymers vertical gathered pace.

MATE represents the polymer business of MSSL which started in India and has gradually expanded globally. MATE works in close coordination with SMP on a global level. **MSSL opened a new facility in Túrkeve in Hungary.** In addition, MATE added new technologies for lamination and in-mould decoration to its range of solutions. The company reported important new orders from existing customers for doing all interior and exterior plastic parts, instrument panel and for in-mould decoration interior parts. Regarding previously won orders from customers, production has started on door panels, roof rails, bumpers, spoilers, handles, mud guards, hard trims and other interior and exterior parts.

This year, SMP saw strong results from the vertical's strategy to expand into the truck-segment with new customer orders. In Spain, the positive performance of our state-of-the-art paint line, launched in 2015-16, has driven the customer to nominate further programs. In 2017, SMP Polinya was awarded strong new orders. As a result, the paint line will be fully loaded in 2019-20.

The breakdown of an existing supplier led customers to request SMP to take over the production of painted pads assembled for cockpits. SMP Polinya was able to respond so fast that the customer did not to lose any car in the production line. This was highly appreciated and has brought additional business to the plant.

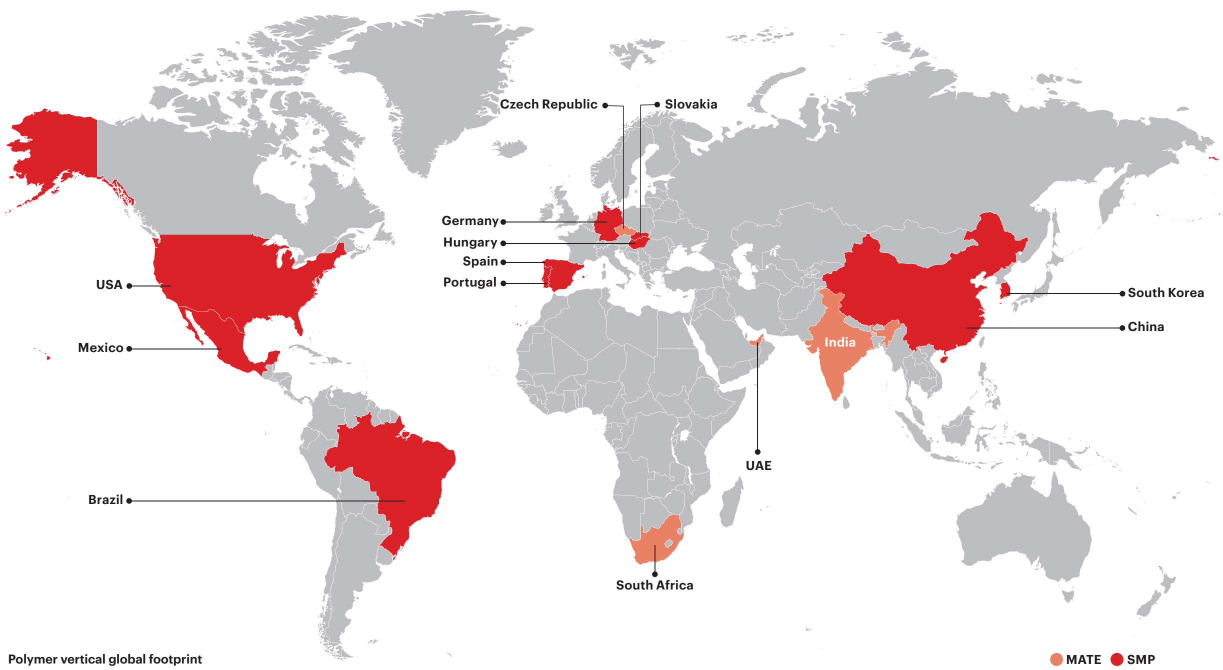
In 2016 the divion won a new French customer for whom a bumper program was launched in SMP Palencia this year. As a result of the good performance and know-how



in interiors of the plant in Zaragoza, SMP was able to secure the continuation of business for a high-volume program and even add a new customer for this product segment. Zaragoza has become a center of competence in interior parts in Spain. SMP also started the productions of a new lamination covering technique for Instrument Panel, stitched film-laminated coverings for the MB-X-Class instrumental panel as well as moulded-in-colour under-ride protection for Bumper Fascia.

We launched several productivity improvements initiatives, to boost operational performance. For example, we converted the German Center of Competence organisation into global matrix organisation. We installed global technology expert centers creating standards and guidelines as well as a regional organisation in all continents to implement standards and guidelines.

***This year, SMP saw strong results from the vertical's strategy to expand into the truck-segment with new customer orders."***



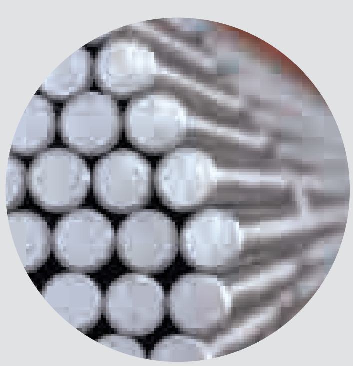

Polymer vertical global footprint

# Metal working.

The MSSL metal working vertical specifically produces precision metal machined components specialising in metal turning and plastic-metal combined parts.
For the global automotive industry and for medical applications, the vertical produces using state of the art machinery. The vertical has world-class capabilities in any kind of turning operation, specifically focussed on high precision parts. This vertical has facility in Bangalore, India (MSSL standalone level). It also operates from facilities in Germany and Mexico under a 100% subsidiary of MSSL.

Furthermore, the vertical undertakes contract manufacturing of high precision machined metal components and assemblies with a strong presence in the medical sector. For this purpose, the vertical operates manufacturing facilities in India which include state-of-the-art CNC machines and highly customised special purpose machines, bi-metal brazing supported by surface treatment and metrological measuring facilities. The metal working vertical offers total metal machining solutions for various industries including scientific and engineering applications.

***"The metal working vertical offers total metal machines solutions for various industries."***



# Elastomer processing.

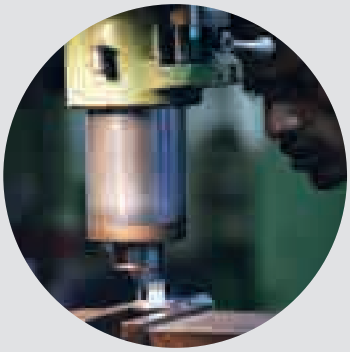
MSSL's elastomers business offers a variety of solutions from rubber compounding to injection moulded rubber parts, bonded parts and extruded rubber components for the automotive industry, medical, home appliances and general industry applications.

The rubber injection moulding product range covers grommets, boots, bellows, gaskets, seals, water strike back valves, damper rings, nozzles, rubber-to-plastic and rubber-to-metal products among others, for application in the automotive industries and other industries.

The range of compression moulded rubber components and extruded rubber products include weather strips, glass runs, boot and hood seals, tank straps, rubber flares, bonded components, suspension bushes, engine and transmission mounts, bump stops, large engine gaskets, auto suspension components and moulded rubber brake components for automotive, non-automotive and industrial applications.

With over 19,000 formulae for a wide range of applications including 15 different polymers, the vertical has strong capabilities in developing rubber compounds and also has a non-tyre related rubber mixing plant. The plants in Chennai and Noida, India operate under MAE, a division of MSSL standalone. The facilities in Australia are under MEPL a subsidiary of MSSL. All these plants have state-of-the-art moulding setups with world class, fully automated rubber compounding facilities.

***"The vertical has strong capabilities in developing rubber compounds and also has a non-tyre related rubber mixing plant."***



# Pit stop progress check.

A year of strengthening the capabilities of Motherson Innovations (MI), close collaboration with the operating verticals of Motherson, establishing cooperations with external partners and understanding the needs of our customers.

There are many new trends in the automotive world, like connected cars, autonomous cars, electric vehicles, shared mobility etc. that are possible only through electronic components that are on the 'real estate' of Motherson. In this context, our Vice Chairman Laksh Vaaman Sehgal has stated the role for Motherson Innovations very clearly. "Currently the car makers must go to multiple suppliers for different components and then integrate these complex systems", he explains, "whereas through Motherson Innovations, it's a one-stop shop."

***Currently the car makers must go to multiple suppliers for different components and then integrate these complex systems", he explains, "whereas through Motherson Innovations, it's a one-stop shop."***

With this principle function of Motherson Innovations defined, we continued on our journey through the fiscal year 2017-18 with a clear vision of what we wanted to achieve and how we could add value to the wider group. MI is different from the other operating verticals and therefore does not have the usual key performance indicators of product development and manufacturing, we have established measurable targets against which we gauge our progress. In order to do this, clear priorities had to be set for the year and beyond.

At the beginning of 2017 we had visited the CES (Consumer Electronics Show) in Las Vegas. The increased relevance of this event to the Automotive industry was very apparent. Therefore, we decided to exhibit at the show ourselves in 2018. CES is not an event where our current automotive products are relevant, so we focused on an area with high relevance to Motherson and the sector, namely the trend towards semi-autonomous driving and especially the future of automotive interiors. As a result, our concept of the 'Empathic Cockpit' was born. With a collaborative structure established of MI working with our global marketing function and the operating verticals of SMP, SMR and SMIA, the team set to work on defining the technology content and innovations we would like to include. Together with a number of selected external partners we started to breathe life into our concept.
In 2017 we also decided **to define MI's strategy, known as ADEX 2025 (Advanced Driver EXperience 2025).** This had direct relevance to the 'Empathic cockpit' but also has a wider scope to explore all relevant possibilities under the headline of 'Sensors and Human Machine Interface' (HMI). After a 6 month programme involving cross-functional teams from MI and some of our operating verticals, we arrived at a short list of projects to take forward in key focus areas such as smart interiors, advanced materials utilisation and sensor integration to our exteriors business.

***In December 2017 our 'Empathic Cockpit' concept demonstrator left to make its journey from Europe to the USA."***

*Initial prototype trials*

With January 2018 and the CES event in Las Vegas approaching fast, the team had to work hard to be ready on time.

In December 2017 our 'Empathic Cockpit' concept demonstrator left to make its journey from Europe to the USA, and in early January was installed and commissioned within the Motherson Innovations booth ready for the show. Our aim was to use the concept as an advanced prototype which allowed us to get focused feedback on our strategic thinking from a wide range of stakeholders.

During the week that followed, we met with customers, potential partners and other interested parties to explore the future possibilities for automotive interiors. This gave us an insight on the areas of most interest which now form the basis of updates and improvements we are making to the concept demonstrator, and focused projects where we aim to create product offerings from selected topics in our concept work.

A primary objective for MI is to bring new and innovative technology to the group with the ultimate aim to provide solutions that add value for our customers and our operating verticals in the future. So continually searching for start-ups, research institution projects and external partners with which we could engage, is an ongoing and interesting activity for the team.

**In the last fiscal year we established new collaborations with research institutions and external partners in Australia for the medical device market space, and started dialogue in other diverse areas.**

The objective is to assist Motherson's operations to 'pivot' towards new markets and create a sustainable future in Australia following the closure of the local automotive industry. In addition to this we have gained a lot of interest in our advanced surface technologies for automotive applications, making the prospect of continuing exports from Australia of specialised products a reality.

***MothersonOssia aims to bring wireless power technology into passenger, commercial and public transportation vehicles world-wide."***

In the mobility space we engaged in close dialogue with an interesting start-up company in the USA (Ossia) on the topic of real wireless power technology. The potential could be seen for the future of powering and charging remote devices such as mobile handsets and also integrated smart technologies within the mobility interior space. With the trend towards this technological transformation clear, we decided to set up a new joint venture company 'MothersonOssia' which went live in April of this year. MothersonOssia aims to bring wireless power technology into passenger, commercial and public transportation vehicles world-wide.

Innovation goes hand in hand with the importance of Intellectual property (IP). Therefore the decision was taken to bring the global IP organisation of the Group into Motherson Innovations and to strengthen it with additional resources and dedicated tools in order to provide an effective service function within Motherson. This combined with an ongoing programme of educating the Group about the processes and services offered is already showing benefits with the new inventions and resulting patent applications increasing in numbers and origin. This directly supports our strategic intent to be much more proactive in the use of intellectual property as a key part of our technology offerings in the future.

In conclusion the opportunities for Motherson presented by the industry trends and the speed of technological change are extensive and varied, and almost every week there are new potentials for us to consider. It is therefore important for MI to be flexible, dynamic and open minded with close alignment to the true DNA of the Motherson group and our mission to be the customers' preferred solutions provider. We are geared to spearhead the Group on the technology front.

# SMP Tuscaloosa,

**USA.**

***"When customers think interiors or exteriors, I want them to think of SMP first."***

**- Jeff -**
Plant Manager

# Everything is focused on a successful launch.

When SMP won the business with Daimler in Tuscaloosa for the new model, setting up an SMP plant was a logical way forward. Moreover, Tuscaloosa was receptive to new companies who could bring advanced manufacturing jobs to the region. After the initial groundbreaking in 2017, currently trial runs are being conducted in SMP Tuscaloosa in preparation for ramping up for production from October 2018 onwards.

**The size of the facility is around 400,638 square meters with built-up area of 55,935 square meters, which is approx. the size of 8 football fields. The facility houses engineering, injection moulding,**

**assembly, logistics, paint and maintenance as well as purchasing, quality, finance and human resources.** "At the start of such a massive project, you could become a bit overwhelmed", says Jeff Fuller, plant manager at SMP Tuscaloosa. "But we now have a good foundation and are moving forward in the way our customer wants it. We are single-mindedly focused on customer satisfaction, employee satisfaction, creating value for shareholders and giving back to the community.
We are encouraged by the progress we are making".

SMP Tuscaloosa will start its production with a range of products for the Mercedes vehicle, which are being developed at the plant. It is a large package and the team is excited by the tremendous opportunities this brings. Everything is focused on a successful launch later this year. "We are proud to be part of Mercedes-Benz and grateful to be their largest supplier in the Northwest", says Fuller.

The team is in daily contact with the customer to ensure alignment with their needs and requirements. "They want perfection, and so do we. They made some wonderful


***"The team is in daily contact with the customer to ensure alignment with their needs and requirements."***

**- Jeff -**
Plant Manager

remarks during the inauguration."
What is more, there are other OEMs in the service radius of the new SMP plant. BMW, Honda, Hyundai, Toyota, Nissan and Kia are within a 350 kilometer radius and naturally, the team hopes that in the future they will become customers as well. "When customers think interiors or exteriors", says Fuller, "I want them to think of SMP first."

## SMP also regularly organises events for the community at the plant, which generate a lot of excitement.

The plant has a strong impact on the local community, bringing 1,000 jobs to the region. "We are the largest new employer to come to the region since Daimler set up its plant here in the 1990s", Fuller points out. "Obviously, that means a lot to the people here. The support we have received has been superb." The plant mainly consists of people from Alabama and Tuscaloosa. A key challenge in building a strong support base for regional customers is to attract qualified employees and train people who might be new to the automotive industry. The plant has applied a unique multiplier approach with regard to training its employees. First groups are formed and trained to follow and manage the processes. Then they are also trained in how to train others, how to check for understanding so that they train the next group and so on. SMP Tuscaloosa has also engaged with the community in an active manner and even reached out to the Community College to assist with initiating working training programs. "Within SMP, collaboration is key", says Greta Wages, the HR manager at SMP Tuscaloosa. "We are looking for people who share the vision we have for the plant and who have the spirit and the belief to make it happen. Perfection is the goal, both for our customers and us."

SMP also regularly organises events for the community at the plant, which generate a lot of excitement. "These events allow us to give something back to the community and create a more solid foundation and more stability", says Fuller. "This mutual commitment helps us in serving the customer better." Such events also help to get the SMP name into the community. "The family environment, the promoting of teamwork and working together globally as one family which I experience since I have joined SMP, is new for me", says Fuller. "It is really great." Greta Wages adds: "We had our first Family Day at the end of April 2018 where we let the employees take their family to the plant", she says. "I had kids, parents, and spouses who came up to me saying, 'Thank you so much for hiring my son or daughter or husband. It really makes our family very proud.' For me, that is just incredible!"

***"I have never been in a plant where everybody gets along. Everyone is smiling, doing their job."***

**- Alex Lavender-**

***"I am proud to be part of SMP, because they have given me an opportunity to learn a lot."***

**- Theresa -**

# SMP Kecskemét,

**Hungary.**


***"Our main goal is to delight the customer. Every smaller goal is directed towards that."***

**- Erik -**
Plant Manager

# Getting ready for production.

The inauguration of the SMP Kecskemét plant marked the end of an intense preparation process and the beginning of SMP's presence in a new geography: Hungary. The ground breaking took place in Autumn 2016, operations started at the beginning of 2017. Currently, **the built-up area of the plant is 46,600 square meters, which is more than the size of 6 football fields and has land area of 300,000 square meters which will take care of all future expansions.** The facility is in the phase of ramp-up and SOPs for building bumpers and dashboards with the value-add of painting. The injection moulding department is equipped with the most modern machines, with a capacity of upto 4000 tons. The way the department and machines are configured, allows the plant to adjust to changing customer demands in the future.

One of the major reasons for entering the country was the opportunity from Daimler to support the new E-Class. Daimler is SMP's direct neighbour. Audi also

has a plant within the service radius of SMP Kecskemét, 200 km away. "Our main goal is to delight the customer. Every smaller goal is directed towards that.", says Erik Lenart, plant manager at SMP Kecskemét.

Two teams were created and merged into one larger team to get the project completed in time and in line with the requirements of the customer. One is the local team, whose job it is to learn the requirements of running the operation. The second team comprises of people from other plants who support the local team by sharing knowledge and building key processes. These are the 'Godfathers', as Lenart terms them. "We knew from the start, 'Together we can do it'." What also helped SMP enormously was that sister company SMR already had a strong presence in Hungary. "I would not say we could not have done it without SMR", says Adelbert Gallmaier, who led the development phase. "But SMR helped us with the legal processes, the government interactions, the initial recruitment and the local language. This ensured that be did our job better, faster, more efficiently." Another strength has been that sister company MATE is one of the major suppliers of SMP Kecskemét, for smaller plastic parts. This ensures greater quality as well as cost control, right from the start of production.

***"Our plant is close to reaching the industry 4.0 level, the entire process flow is supported by Information Technology."***

**- Erik -**
Plant Manager

The team has been careful in selecting people. "We spend a lot of time choosing people based on their ability to work as a team, which at the end of the day is a big family", explains Lenart.
About 95% of the recruits are from Kecskemét itself. New recruits are made to feel a part of the project. There is always somebody who takes them under their wing to help them move forward. For the first three months, everyone has a mentor. The mentor takes care of every team member and gives them proper input, so that they are well trained after the program is complete. The plant recruits and trains more than 500 people in one year. As a result, SMP Kecskemét has emerged as the second biggest employer in the area. This also translates to the local community being happy and supportive of its presence.

## "For the first three months, everyone has a mentor."

"I think Kecskemét is among our best Greenfield projects", say Lenart. "We have robust processes in place and a really good scrap ratio, which was, in fact, estimated to arrive two years later."

Lenart sees opportunities and room for expansion in the future. "We have several hectares of land part of which we have started to utilise. There is the availability of more land where additional plants can be built in the future." At present Kecskemét is only producing parts directly for the customer. But in the future, building an internal part producing plant may be in the offing.

## "Our plant is close to reaching the industry 4.0 level."

The possibilities do not stop there. "Our plant is close to reaching the industry 4.0 level", explains Lenart. "That means that the entire process flow is supported by Information Technology. This will lead to higher production capacity, faster reaction times for our customers, and 100% traceability. For our customer, this results in increased reliability".

"I am proud that we are able to complete such large project, in such short time, at such a high level", concludes Gallmaier. Recently a Group-wide recruitment campaign was launched. "This helps to make the company philosophy known and attract the right people", says Lenart ". I see a shine in the eyes of our employees. This is a team on which we can build our future."


***"I am happy to have the chance to work with new technologies."***

**- Adam -**

***"I am proud to be part of something this big."***

**- Sebök -**

# SMP Zitlaltepec,

**Mexico.**


***"We work hard to further nurture and extend our customers' trust."***

**- David -**
Plant Manager

# To grow and provide service.

When SMP set-up its first plant in Mexico in the Tlaxcala state in 2016, it was to support its customers Audi and Volkswagen in the region. The groundbreaking was in 2015 and the inauguration in 2016. **The total land area is 194,000 square meters with a built-up area of 57,000 square meters which is the area of more than 8 football fields.** The ramp-up has been relatively smooth and today, this massive plant has over 1000 employees mostly from the local community. The paint line is state-of-the-art, with the highest level of technology. In the injection moulding process, a range of machines have been installed with a clamping force of upto 3,500 ton. SMP Zitlaltepec continues to work closely with its customers towards achieving goals and refining their processes to the optimum.

SMP Zitlaltepec provides multiple exterior systems for the Audi including bumpers, door trim covers, wheel

covers and roof spoilers. SMP not only produces these parts for them, but also supplies them in sequence. SMP Zitlaltepec delivers parts every 20 minutes, so that Audi can directly assemble them to vehicles in the same order as delivered. To produce some of the bumpers, the machines required have a closing force of as much as 2300 tons. Adding to that, for almost 60% of employees at SMP Zitlaltepec this was their first job in the automotive industry. "Good recruiting and sound training has been absolutely vital to our success so far", says David Carillo, plant head for SMP Zitlaltepec. "A key goal of our plant is having enthusiastic employees with a high level of knowledge of the automotive business, who can grow with the company and provide great services for customers."

***"Good recruiting and sound training has been absolutely vital to our success so far."***

**- David -**
Plant Manager


SMP Zitlaltepec is certainly an example in terms of work attitude. When it comes to its people, empowerment is the focus. SMP nurtures a positive environment where employees want to come to work. "It has taken some time", says Carillo. "But we have seen that Mexican associates learn fast, are disciplined, and aren't afraid

to work hard. The associates in Tlaxcala are extremely enthusiastic to do this kind of job."

Committed to this endeavor, SMP Zitlaltepec has created a Lean Training Center. There is a detailed training around the 5S' of manufacturing and quality, but more importantly around problem-solving. Every employee goes thorough this process and is imparted with the confidence of doing things accurately and efficiently. "We let the supervisor be the owner of a process and responsible for a project", explains Carillo. "My desire is to create a positive environment where employees always feel motivated to come to work."

SMP Zitlaltepec's presence has been well received by the community in the Tlaxcala state. An open dialogue between the plant and the community has been maintained since its inception. SMP team members have been going to high schools to do speeches and invite people from the community to the plant for tours. SMP Zitlaltepec is confident that perhaps in the near future, some of the team members from the local town could climb to become managers. The plant stays in constant touch with the mayor and different secretaries of services of different towns to discuss common issues like the roads. "We recently entered into an agreement with the neighbouring university for their assistance and support on a new project", says Carillo. SMP will also open doors to their engineers to be part of the plant for apprenticeship opportunities.

**SMP will also open doors to their engineers to be part of the plant for apprenticeship opportunities.**

SMP Zitlaltepec has established itself as a true Motherson plant, with a strong focus creating customer delight and great attention for its people. "Audi and VW gave the project to SMP because they believe in what we do", says Carillo. "They understand the capacity of the company. We work very hard everyday to further nurture and extend their trust." New approaches such as Quality Circles have been adopted from the MSSL wiring harness vertical. What makes this plant stand out is not just the hardware, but the culture it has nurtured within. "What makes me really proud is the look on the faces of our people, their energy, how they care about what they're doing and how they treat each other. They take pride in their uniform", Carillo points out. "Every time I have a meeting, I see it. And that is always the best part of my day."

*"Every employee has a good relationship with each other. It feels like family."*

**- Guillermo -**

*"I can keep improving myself and take on new challenges."*

**- Susnas -**

# Awards and recognitions.

### Daimler/ Mercedes Benz

Partner of the Year (Wiring Harness)

Excellence in Performance (Polymer)

Excellence in Partnership (Polymer)

### Volkswagen

Quality Performance (Polymer)

### PSA Group

Best Supplier (Polymer)

### Maruti Suzuki

Overall Performance (Wiring Harness)

### Maruti Suzuki

Comprehensive Excellence (Wiring Harness)

Spares Award (Wiring Harness)

Part Development Build to Print (Polymer)

Fire Safety (Polymer)

Tier-02 Development (Polymer)

Tooling Development (Polymer)

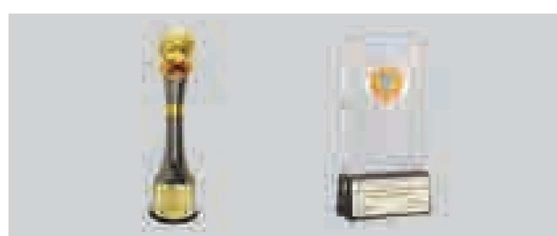
### Maruti Suzuki

Consistent Performer (Mirror)

Safety Compliance (Mirror)

Quality Performance (Mirror)

### Honda Cars



Gold Award for Quality (Wiring Harness)

Best Kaizen (Polymer)

## Mahindra & Mahindra

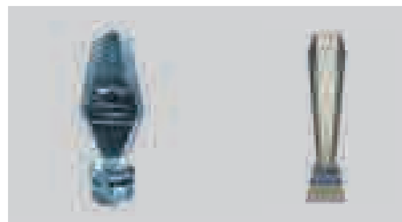
Supplier Excellence
(Wiring Harness)

## Volvo

Quality Excellence
(Mirror)

MMOG
(Mirror)

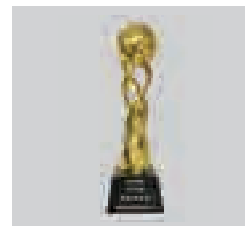
## Chery Jaguar Land Rover



Outstanding Launch
(Mirror)

WPCA Improvment
(Mirror)

## Lovol



Quality Contribution Award
(Wiring Harness)

## Toyota

Best Self Reliant
Supplier in Project
Management
(Polymer)

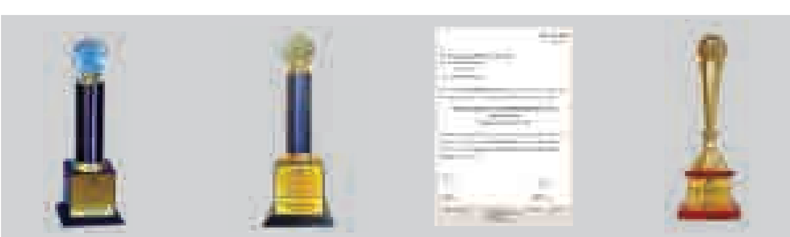
Best Self Reliant
Supplier in Delivery
(Polymer)

Best Self Reliant
Supplier in Quality
(Polymer)

Silver Award
Best Supplier of the Year
(Mirror)

Cost Achievement
Performance
(Mirror)

## Hyundai



Excellence in
Customer Delight
(Mirror)

Platinum Award
(Wiring Harness)

Zero PPM
(Wiring Harness)

Best Performer
Gold Award
(Wiring Harness)

## Beiqi Foton Motor

Top Performing
Suppliers-Quality
(Wiring Harness)

## SAIC-GM

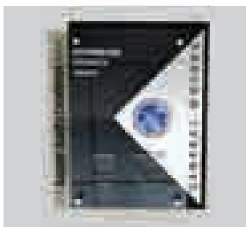
Outstanding Supplier
(Mirror)

# Awards and recognitions.

**Ford**

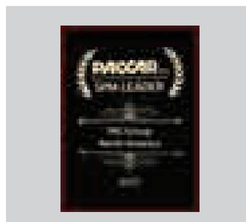
Q1 Award
(Mirror)

**General Motors**



Supplier Quality Excellence
(Mirror)

**Paccar**

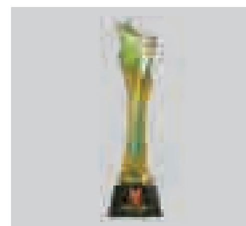


Supplier Performance
Management Leader
(Wiring Harness)

**Volvo Eicher**

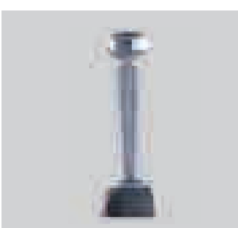
New Product Development
(Wiring Harness)

**JMC**



Excellent Supplier
(Wiring Harness)

**Dongfeng**



Excellent Supplier
Special Vehicle
(Wiring Harness)

Excellent Supplier-
Special Chassis
(Wiring Harness)

Best Supplier-
Commercial Vehicle
(Wiring Harness)

**Ashok Leyland**

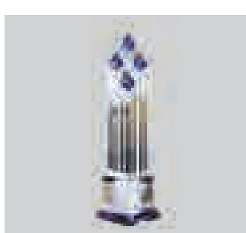
Best in Class
Performance in Delivery
(Wiring Harness)

Best in Class
Performance in Quality
(Wiring Harness)

**SML Isuzu**

Cost Competitiveness
(Wiring Harness)

**Navistar**



Diamond Supplier
(Wiring Harness)

**SAIC Motor –Yuejin**

Quality Contribution Award
(Wiring Harness)

**Suzuki Motorcycle**

Performance Award-
Consistent Quality
(Wiring Harness)

**Honda Motorcycle & Scooter India**

Quality Management
(Wiring Harness)

## Piaggio

Worldwide
Partnership Award
(Wiring Harness)

## Harley Davidson

Excellence in Product
Development
(Wiring Harness)

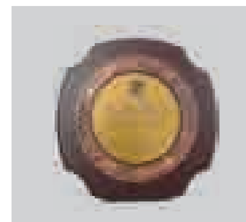
## Bosch

Best Supplier Delivery
Fulfilment
(Polymer)

## AGCO

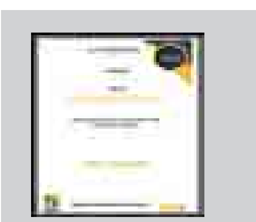
NPI Best Supplier
(Wiring Harness)

## John Deere

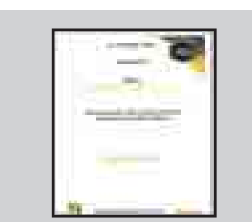


Excellence in Quality, Delivery,
Wavelength, Technical Support
and Cost Management
(Wiring Harness)

## Hyster Yale

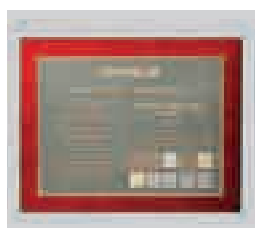


Certificate of Merit
Quality & On-Time Delivery
(Wiring Harness)



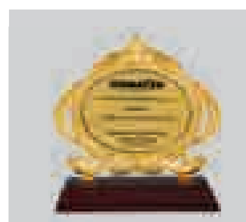
Certificate of Honor
100% Quality & Delivery
(Wiring Harness)

## Caterpillar



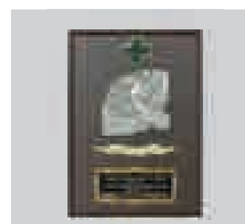
Platinum Level in supplier
Quality Excellence Process
(Wiring Harness)

## Komatsu



Significant Contribution
(Wiring Harness)

## Sumitomo Wiring Systems



Superior Safety
(Polymer)

## Hyundai Mobis

Best Supply Performance
(Mirror)

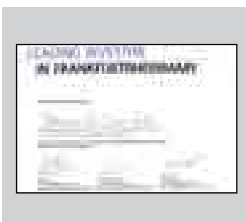
## GE Healthcare

Significant Contribution
(Wiring Harness)

# Awards and recognitions.

## Institutional awards.

**FrankfurtRheinMain GmbH**



leading Investor
in Frankfurt
(Wiring Harness)

**INSSAN**

PAR Excellence Award
(Mirror)

## Special achievement.

### Outstanding Company of the Year

Motherson Sumi Systems Limited (MSSL) received the 'Outstanding Company of the Year Award' at CNBC-TV 18's 'India Business Leader Awards' (IBLA) held in New Delhi, India.

The 13th Edition of IBLA followed the theme of "Leaders of Change" and highlighted the efforts of those stalwarts who believe in creating equitable and profitable businesses with a laser sharp focus on specialization, innovation and differentiation.

### Global Visionery Award

Mr. V C Sehgal, Chairman, Samvardhana Motherson Group received the "Global Visionary" award, at the first 'The Economic Times Family Business Awards' held in Mumbai, India. Mr. Sehgal was unanimously chosen for the award by an esteemed jury constituting of eminent business leaders in India.

# MANAGEMENT DISCUSSIONS AND ANALYSIS

## OVERVIEW OF GLOBAL AUTOMOTIVE INDUSTRY

During financial year 2017-18, global sales in new vehicles exceeded 94 million. Overall, the global automotive industry is in better shape than it was five years ago, especially in the US, where sales have recovered following the recent economic crisis, and in China, where growth remains strong.

Below table shows the vehicle production in last two years:-

| Vehicle Production: Region (in numbers) | 2016-17 | 2017-18 |
|---|---|---|
| Europe | 21,863,564 | 22,205,900 |
| North America | 17,908,974 | 16,940,737 |
| South America | 2,869,644 | 3,374,600 |
| Asia (including India) | 51,782,287 | 52,416,210 |
| **Total** | **94,424,469** | **94,937,447** |

Source: IHS

The global production of passenger cars has increased by 1% in 2017-18. South America has shown a good growth of 18% in automotive production while there is moderate growth in Europe and Asia in 2017-18 as compared to last year.

## GLOBAL COMMERCIAL VEHICLES MARKET

With the acquisition of PKC Group in March 2017, MSSL has become leading supplier of wiring harnesses to commercial vehicles market globally.

Below table shows production of commercial vehicle in different economies during FY 2016-17 & 2017-18.

| Production Units | April - Mar | | |
|---|---|---|---|
| | 2016-17 | 2017-18 | Growth% |
| **North America** | | | |
| Heavy Duty Trucks | 215,632 | 280,529 | 30.1% |
| Medium Duty Trucks | 241,077 | 259,522 | 7.7% |
| Light Vehicles (Pick-up & SUV) | 10,185,439 | 10,514,278 | 3.2% |
| **Europe** | | | |
| Heavy Duty Trucks | 394,040 | 408,041 | 3.6% |
| Medium Duty Trucks | 75,521 | 75,155 | -0.5% |
| **Brazil** | | | |
| Heavy Duty Trucks | 39,472 | 59,116 | 49.8% |
| Medium Duty Trucks | 19,586 | 25,508 | 30.2% |
| **China** | | | |
| Heavy Duty Trucks | 864,300 | 1,216,013 | 40.7% |
| Medium Duty Trucks | 227,676 | 243,142 | 6.8% |
| **Grand Total** | **12,262,743** | **13,081,304** | **6.7%** |

Source: LMC Automotive March 2018

## INDIAN VEHICLE AND COMPONENT MARKET

FY18 was a milestone year for the Indian automotive industry, as it overtook Germany to become the fourth largest global automotive market. The sales volume built upon last year's momentum to register a double-digit growth - first time since FY12.

The Indian automotive industry is showing positive signs with significant growth in the passenger vehicle and two wheeler segments. During the year, OEMs launched new models with additional functionalities and features to attract customers.

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

Figures in thousand

| Category | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|
| Passenger Vehicles | 3,465 | 3,802 | 4,010 |
| Growth% | 8% | 10% | 5% |
| Commercial Vehicles | 787 | 810 | 895 |
| Growth% | 13% | 3% | 10% |
| Three Wheelers | 934 | 783 | 1,022 |
| Growth% | -2% | -16% | 30% |
| Two Wheelers | 18,830 | 19,934 | 23,147 |
| Growth% | 2% | 6% | 16% |
| **Grand Total** | **24,016** | **25,329** | **29,074** |

Source: SIAM Report

**Domestic Sales**

- The sale of Passenger Vehicles grew by 7.89% in April-March 2018 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicle and Vans grew by 3.33%, 20.97% and 5.78% respectively in April-March 2018 over the same period last year.

- The overall Commercial Vehicles segment grew by 19.94% in April-March 2018 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 12.48% and Light Commercial Vehicles grew by 25.42% in April-March 2018 over the same period last year.

- Three Wheelers sales grew by 24.19% in April- March 2018 over the same period last year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a growth of 28.65% and 7.83% respectively in April-March 2018 over April-March 2017.

- Two Wheelers sales registered a growth at 14.80% in April-March 2018 over April-March 2017. Within the

Two Wheelers segment, Scooters and Motorcycles grew by 19.90% and 13.69% respectively, while Mopeds declined by (-) 3.48% in April-March 2018 over April-March 2017.

**Exports**

In April-March 2018, overall automobile exports increased by 16.12%. Two and Three Wheelers Segments registered a growth of 20.29% and 40.13% respectively, while Passenger Vehicles and Commercial Vehicles declined by (-) 1.51% and (-) 10.53% respectively in April-March 2018 over the same period last year.

The long term perspectives & opportunities remain positive for the automotive industry with all major global players having a base in India for manufacturing, global sourcing as well as engineering.

## PERFORMANCE - 2017-18

Fiscal Year 2017-18 was the third year of MSSL's fifth 5 Year Plan, called Vision 2020. During the year, the company has shown record performance in all aspects.

The Company's main achievements for the FY 2017-18 are summarized as follows:

**Highlights of consolidated results:**

- The Company reported record consolidated revenues of ₹ 558,580 million (US$ 8.6 billion) for FY 2017-18.
- Revenue was up by 33% from 2016-17 level. In the last 5 years the Company's revenues have shown a CAGR of 17%.
- The Company improved its operational Earnings before interest, tax and depreciation (EBITDA) margin to 9.2% at a consolidated level, increase of 23% on consolidated basis.
- As a result of growing revenue and continuous operational improvement across all business units, consolidated operating margins for the Company improved and Profit Before Tax(PBT) increased by 10% and Profit after tax (PAT) improved by 3% on consolidated level.
- The Company reported ROCE of 18% at a consolidated level in 2017-18. ROCE for the year takes into account the acquisition of PKC group for full year.
- The Company has proposed dividend of ₹ 2.25 per equity share for the financial year ended March 31, 2018 representing a dividend payout ratio including taxes of 36% of the consolidated profit after tax against our stated policy of 40% payout.
- MSSL's subsidiary SMRPBV, has executed the transaction documents for the proposed acquisition of Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V on April 02, 2018.

**Highlights of Standalone results:**

- Standalone Net Sales rose 19% to ₹ 73,084 million, up from ₹ 61,418 million for FY 2016-17.
- Domestic business grew by 22% from 53,075 million to ₹ 64,679 million at standalone level.
- The Company reported return on capital employed (ROCE) of 46% at standalone level.

**Highlights of SMRPBV results:**

Samvardhana Motherson Automotive System Group BV (SMRP BV) is subsidiary of the company and its business consists of Samvardhana Motherson Reflectec Group referred to as SMR and Samvardhana Motherson Peguform Group referred to as SMP.

Below is the snapshot of growth and profitability performance of SMRP BV:

- SMR reported record sales of ₹ 118,833 million (Euro 1,575 million). SMR achieved 13% growth in EBITDA at ₹ 13,820 million (Euro 183 million), PBT was up by 16% at ₹ 11,339 million (Euro 150 million) and PAT was up by 30% at ₹ 8,731 million (Euro 116 million).
- SMR reported a strong ROCE of 48%.
- SMP achieved the highest ever annual sales of ₹ 260,437 million (Euro 3,452 million). EBITDA rose by 7% to ₹ 15,469 million (Euro 205 million). PBT increased by 22% to ₹ 8,859 million (Euro 117 million).
- SMRPBV has a total order book of ₹ 129,785 crore (Euro 17.2 billion) as on March 31, 2018. During the year SMRPBV has won additional orders of ₹ 35,464 crore (Euro 4.7 billion).

**Other major developments during the year:**

**Significant financing arrangements by SMRPBV**

Senior Secured Notes 2017

On July 06, 2017, the Company issued €300 million 1.8% Senior Secured Notes due 2024 (the "Notes") at 99.299% of the nominal value with maturity on July 06, 2024. The Notes are listed on the Irish Stock Exchange and trade on the Global Exchange Market.

The entire proceeds from the issue of the Notes along with a portion of cash balance of the Company was utilized to repay existing €500 million 4.125% Notes due 2021. The €500 million Notes were repaid at a redemption price (excluding accrued interest) of 102.171% calculated in accordance with the terms of indenture for the said Notes.

The terms of the 2017 Notes reflect strengthening of the Company's credit profile and the strong investor confidence in the Company. The new bonds including cash balance with the company gave added liquidity to the Company to prepay its higher cost existing notes.

### Revolving Credit Facilities Agreement ("RCF 2017")

On June 20, 2017 SMRPBV entered into a new Revolving Credit Facilities Agreement ("RCF 2017") with various banks. The RCF 2017 is guaranteed by the Company and certain of its subsidiaries, and will benefit from the same collaterals as all the existing Senior Secured Notes issued by the Company. The RCF 2017 establishes multi-currency revolving credit facilities for an aggregate principal amount of €500 million which will mature on June 20, 2021.

The existing Revolving Credit Facility Agreement entered into on June 23, 2015 ("RCF 2015") for an aggregate principal amount of €350 million has been subsequently terminated on June 21, 2017.

## Acquisitions

### Proposed acquisition of Reydel Group

On April 02, 2018, SMRPBV has executed the transaction documents for the proposed acquisition of Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V. for a purchase price of USD 201 million subject to closing adjustments.

Reydel Group has presence in 16 countries with 20 facilities and 5,650 employees.

This acquisition would enable SMRPBV Group to capitalise on new opportunities in its existing and new geographies, with enhanced and diversified customer portfolio. Reydel's revenue for the year ended Dec 31, 2017 was USD 1,048 million and EBITDA was USD 68 million (provisional, and in accordance with US GAAP).

The proposed transaction is subject to customary closing conditions and receipt of required regulatory approvals. Existing shareholders of Reydel Automotive Group have exercised their put option on May 08, 2018. Indicatively, it is expected that the transaction will close in Q2 FY 18-19. Transaction is structured under a Lockbox arrangement from January 01, 2017, all business cash flows from lockbox date will accrue to the company.

## Significant financing arrangements by PKC

### Acquisition of Fortitude Industries Inc.

PKC Group signed and closed a contract to buy the rolling stock electrical distribution system company Fortitude Industries Inc. (dba Advanced Transit Manufacturing, or ATM), in the state of New York (USA) on April 01, 2017.

The consideration of the transaction was EUR 11.2 million. Out of which Euro 8.9 million was paid in cash and EUR 2.3 million is treated as contingent consideration.

### Acquisition of Huber & Suhner rolling stock

On October 01, 2017 PKC Group acquired from the former Huber & Suhner rolling stock electrical distribution system operations in Tczew (Poland). According to the agreement PKC Group acquired assets together with the transfer of agreements and related liabilities. PKC Group has recognised this transaction as assets acquisition having consideration of about EUR 2 million.

## Others

### MSSL Estonia WH OÜ's public tender offer

Following the completion of the voluntary public tender offer for all outstanding shares and stock options in PKC, MSSL Estonia WH OÜ, a wholly-owned indirect subsidiary of the company has on October 06, 2017 posted a security in connection with the redemption of the minority shares in PKC and thus acquired title to all the minority shares in after which MSSL Estonia WH OÜ owns 100 per cent of the shares of PKC.

PKC's shares have been delisted with effect from October 06, 2017.

### Hubei Zhengao PKC Automotive Wiring Company Ltd.

On February 09, 2017 PKC Group established a company named Hubei Zhengao PKC Automotive Wiring Company Ltd in China with a Chinese wiring harness manufacturer (Hubei Zhengao Automotive Accessories Co., Ltd) with equity value of Euro 20 million. Contribution of both the company is in ratio of 40:60, hence is accounted as Associate company.

### Successful completion of Joint Venture in PKC.

PKC Group completed a joint venture in China with a Chinese wiring systems manufacturer which commenced operations during first quarter of FY 2017-2018. The key customer of the joint venture is a Chinese vehicle manufacturer JAC and the JV is focused on commercial vehicle wire harnesses.

### Joint Venture with Ossia Inc.

The Company's subsidiary, Motherson Innovations Company Limited (MI) has started process to form a JV with Ossia Inc., innovator of the revolutionary Cota Real Wireless Power technology. MI will hold majority share in the JV and will aim at bringing Ossia Cota power system into the interiors of some of the world's most popular vehicles. MI also invested $ 14 million for a 4.5% equity stake in Ossia Inc in January 2018 and JV has been set up on April 05, 2018.

### Investment in Quanergy, USA.

Samvardhana Motherson Reflectec Group Holdings Limited (Jersey) has made an investment of $ 12 million in a technology company 'Quanergy' located in USA in October 2017. The Company is a leader in LiDAR (laser-based 3D spatial sensor) automation solutions. This was more of a strategic investment which was done considering the product profile, market strength and future prospects of the company.

## REVENUE

The Company's consolidated revenues reached to ₹ 558,580 million (USD 8.6 billion) during the year, up from USD 6.5 billion in FY 2016-17.

### Geographical Spread

The Company's consolidated sales grew by 33% to ₹ 558,580 million, with 87% of consolidated sales coming from outside India. With significant contribution in sales growth from outside India and ability to serve customers globally, the Company now ranks as a global player in the automotive component industry.

Table below shows consolidated sales performance of the Company within India and outside India in 2017-18:

₹ in Million

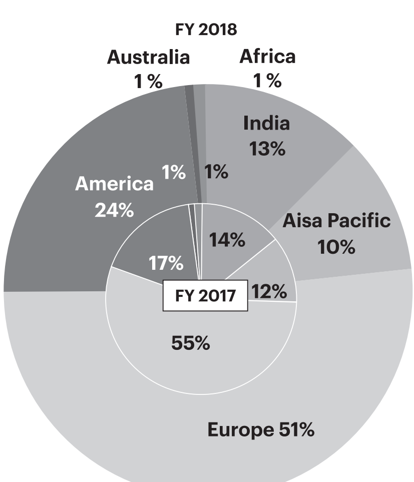
| Consolidated | 2016-17 | | 2017-18 | | Growth% |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Customers within India | 14% | 58,617 | 13% | 71,048 | 21% |
| Customers outside India | 86% | 361,225 | 87% | 487,532 | 35% |
| **Total** | **100%** | **419,842** | **100%** | **558,580** | **33%** |

Standalone sales grew by 19% to ₹ 73,083 million helped by strong domestic performance. Currently 11% of the standalone sales originate from outside of India as shown by below table.

₹ in Million

| Standalone | 2016-17 | | 2017-18 | | Growth% |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Customers within India | 86% | 53,076 | 89% | 64,681 | 22% |
| Customers outside India | 14% | 8,342 | 11% | 8,402 | 1% |
| **Total** | **100%** | **61,418** | **100%** | **73,083** | **19%** |

The below chart shows the consolidated revenue breakdown by geography for fiscal year ended March 31, 2018 and March 31, 2017.




Driving force behind this growth is the Company's ability to earn the trust of global as well as domestic customers, by providing end to end solutions supported by global manufacturing capabilities, global proximity to customer facilities, ability to manage cross-cultural operations and core expertise in all aspects of design, research, engineering and development.

MSSL has substantially expanded its customer base globally to strengthen its affiliation with the existing customers.

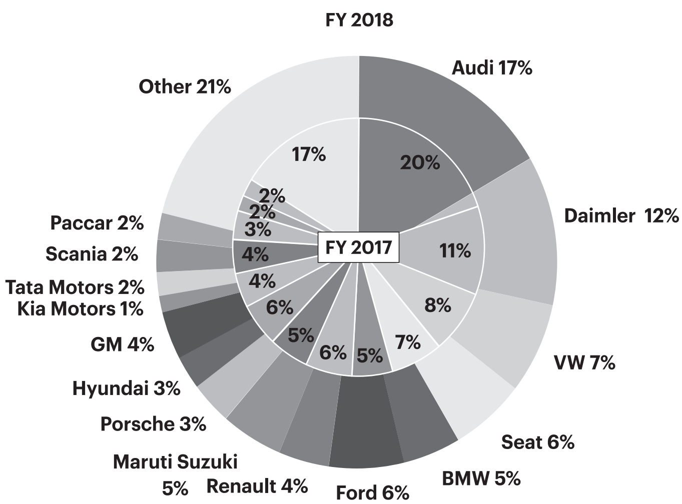
At present the Company has presence in 37 countries with over 180 manufacturing facilities, supported by technical centers located worldwide.

Acquisition of PKC group in FY 2016-17 increased presence of the company in new countries. Now proposed acquisition of Reydel Group will further add 5 more countries in the map of the company.

## Diversified customer portfolio

The company is a trusted partner and strategic Tier I supplier to leading global OEMs. It has well established strategic relationships with several OEMs across the globe.

The below chart shows the revenue breakdown by customers for the fiscal year ended March 31, 2018 and March 31, 2017:




The company constantly monitors its vision of "3CX15", which means no Component, Customer or Country to represent more than 15% of the turnover.

Others include customers contributing to less than 2% of total sales and among others include Tesla, Mitsubishi, PSA, JCB, NACCO etc.

## REVIEW OF CONSOLIDATED FINANCIALS

The company is continuously pursuing its strategic actions, focusing on consistent outstanding performance, strengthening customer relationships built on trust, pursuing greater client engagement, increasing the content per vehicle and developing long-term sustainable value creation.

MSSL continues to outperform the industry in terms of growth in revenue and profitability.

### (A) Consolidated financial results:

The Company's consolidated financial results are summarized in the Table below. PKC group acquired in March 2017 has been fully consolidated during FY 2017-18 for the first time hence financial figures for the two reported periods are strictly comparable.

The Company's consolidated sales (net of excise duty) of ₹ 558,580 million represent a new record level.

₹ in Million

| Results | 2016-17 | 2017-18 | %change |
|---|---|---|---|
| Sales | 427,657 | 560,860 | 31% |
| Excise duty | 7,815 | 2,280 | -71% |
| Cost of goods sold | 257,507 | 343,121 | 33% |
| Employee cost | 80,909 | 110,678 | 37% |
| Other expenses | 43,671 | 57,908 | 33% |
| PBIDT | 44,310 | 52,927 | 19% |
| PBT (before exceptional) | 31,801 | 34,448 | 8% |
| PAT | 21,724 | 22,599 | 4% |
| Concern share after adjusting minority interest | 15,543 | 15,970 | 3% |
| **Earnings per share** | **7.58** | **7.59** | **0%** |

During 2017-18, Profit before Interest, Depreciation and Tax (PBIDT) increased by 19% to ₹ 52,927 million from ₹ 44,310 million. In FY 2017-18, PKC is fully consolidated for the first time. The Company has reported strong profitability on account of significant improvements at SMR & SMP along with PKC. Profit before Tax (PBT) increased by 8% to ₹ 34,448 million from ₹ 31,801 million during the previous year. Profit After Tax (PAT) concern share improved by 3% to ₹ 15,970 million as against ₹ 15,543 million in FY2016-17.

## Major cost contributors

### Cost of Material

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

Costs of material have a significant impact on the Company's results.

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

- Key inputs for the SMR (mirror) Division are glass actuators, power folds, glass, electro-chromatic glass ("EC glass"), wiring harnesses, electronics, electrical parts, die casting, plastic parts and resins.

For the financial year ended March 31, 2018, the cost of material was ₹ 343,121 million against ₹ 257,507 million for the corresponding previous financial year ended March 31, 2017, which is 61% of total revenue for both the years. Cost of material increased by 33% corresponding to increase in sales by 33%. This increase is primarily due to increased production volume and higher engineering projects due to launch of new projects for our OEMs.

### Employee cost

The second largest aggregate cost component after raw materials is employee cost. Employee cost includes salaries and wages, contribution to provident fund, gratuity, employee pension schemes and expenses incurred on staff welfare. It is primarily driven by the size of operations, geographical reach and customer requirements. Overall employee cost increased by 37% in 2017-18 which was 20% of total revenue.

### Other Expenses

Other expenses primarily consists of general administrative expenses, energy cost, repair & maintenance cost, rental & lease cost, freight & forwarding cost, auditors remuneration, net foreign exchange loss and legal & professional fees etc. Other expenses increased by 33% compared to the previous year mainly due to increase in variable cost of operations due to higher capacity and production levels and start-up costs for the new plants expensed to income statement. SMRPBV has incurred startup cost amounting to ₹ 4,693 million (Euro 62 million) during FY 2017-18.

### Exceptional Expenses

During the year, the company incurred exceptional expenditures of ₹ 181 million in connection with proposed acquisition of Reydel Group and ₹ 1,596 million on account of redemption premium and unamortised transaction costs on prepayment of Euro 500 million Senior Secured Notes.

₹ in Million

| Financial Position | 2016-17 | 2017-18 | % change |
|---|---|---|---|
| Property, plant and equipment | 80,777 | 101,365 | 25% |
| Capital work-in-progress | 19,348 | 25,849 | 34% |
| Investment properties | 896 | 1,313 | 47% |
| Goodwill | 19,376 | 22,643 | 17% |
| Other intangible assets | 20,877 | 21,802 | 4% |
| **Other assets** | | | |
| - Inventory | 30,716 | 40,132 | 31% |
| - Trade receivables | 53,084 | 65,701 | 24% |
| - Cash & bank balance | 48,866 | 27,815 | -43% |
| - Other assets | 49,757 | 68,357 | 37% |
| **Total assets** | **323,697** | **374,977** | **16%** |
| Liabilities (other than loans) | 115,155 | 142,800 | 24% |
| **Net assets** | **208,542** | **232,177** | **11%** |
| **Source of funding:** | | | |
| Net worth | 79,728 | 95,923 | 20% |
| Reserve on amalgamation and consolidation | 2,999 | 2,918 | -3% |
| Non-controlling interests | 22,322 | 29,600 | 33% |
| **Loans outstanding:** | | | |
| - Payable within one year | 2,075 | 8,967 | 332% |
| - Short-term loans | 6,978 | 19,068 | 173% |
| - Long-term loans | 94,440 | 75,701 | -20% |
| **Total loans** | **103,493** | **103,736** | **0%** |
| Cash & bank balance (excluding unpaid dividend) | 48,841 | 27,783 | -43% |
| **Loans (net of cash and bank balances)** | **54,652** | **75,953** | **39%** |
| Capital expenditure (Net of disposals) | 27,789 | 30,308 | 8% |

The company's growth strategy includes expanding operations in line with customers' growth. During the year, the Company as a whole incurred capital expenditure of ₹ 30,308 million (Previous Year ₹ 27,789 million), which was primarily funded from internal sources. The Company's net debt was ₹ 75,953 million as on March 31, 2018, up from ₹ 54,652 million as on March 31, 2017.

The Company's cash and bank balance of ₹ 27,783 million included the cash and bank balance at SMRP BV amounting Euro 216 million and Euro 74 million in PKC for meeting capital expenditure requirements & working capital requirement.

## REVIEW OF STANDALONE FINANCIALS

### (A) Standalone financial results:

₹ in Million

| Results | 2016-17 | 2017-18 | %change |
|---|---|---|---|
| Sales | 68,572 | 75,196 | 10% |
| Excise duty | 7,154 | 2,112 | -70% |
| Cost of goods sold | 33,845 | 40,987 | 21% |
| Employee cost | 8,560 | 10,619 | 24% |
| Other expenses | 8,313 | 9,636 | 16% |
| PBIDT | 13,829 | 14,723 | 6% |
| PBT | 11,728 | 12,107 | 3% |
| PAT | 8,273 | 8,791 | 6% |
| **Earnings per share** | 4.04 | 4.18 | 3% |

During the year, the Company's standalone revenues increased by 19% to ₹ 73,083 million. PBIDT increased by 6% at ₹ 14,723 million, up from ₹ 13,829 million during 2017-18. PBT amounted to ₹ 12,107 million compared to ₹ 11,728 million in previous year.

### (B) Standalone financial position:

₹ in Million

| Financial Position | 2016-17 | 2017-18 | % change |
|---|---|---|---|
| Property, plant and equipment | 13,824 | 14,644 | 6% |
| Capital work-in-progress | 530 | 922 | 74% |
| Investment properties | 592 | 822 | 39% |
| Other intangible assets | 9 | 4 | -55% |
| **Other assets** | | | |
| - Inventory | 6,917 | 9,242 | 34% |
| - Trade receivables | 8,115 | 9,250 | 14% |
| - Cash & bank balance | 1,890 | 1,054 | -44% |
| - Other assets | 50,903 | 52,158 | 2% |
| **Total assets** | **82,780** | **88,096** | **6%** |
| Liabilities (other than loans) | 11,818 | 14,747 | 25% |
| **Net assets** | **70,962** | **73,349** | **3%** |
| **Source of funding:** | | | |
| Net worth | 56,364 | 60,139 | 7% |
| Reserve on amalgamation and consolidation | 1,663 | 1,663 | - |
| **Loans outstanding:** | | | |
| - Payable within one year | 1,355 | 504 | -63% |
| - Short-term loans | 37 | 16 | -56% |
| - Long-term loans | 11,543 | 11,027 | -4% |
| **Total loans** | **12,935** | **11,547** | -11% |
| Cash & bank balance (excluding unpaid dividend) | 1,865 | 1,022 | -45% |
| **Loans (net of cash and bank balances)** | **11,070** | **10,525** | -5% |
| Capital expenditure (Net of disposals) | 2,491 | 3,040 | 22% |

During the year, the Company incurred capital expenditures of ₹ 3,040 million on expansion of existing facilitates in Pithampur, Sanand and Noida for wiring harness and new facility in Pithampur for wire business.

## CAPITAL EXPENDITURE

During the year, the Company incurred ₹ 30,308 million on capital expenditure at the consolidated level, which has been largely financed from internal sources within the group.

The Company continuously assesses the need for setting up greenfield plants or expands capacity in existing plants to cater to new platforms with existing/new customers for the orders won. Our capital expenditures includes new manufacturing plants and expansion of capacity of existing plants for new production lines, maintenance capital expenditure on maintenance of machinery and buildings, improvements of existing plants driven by health and safety, fire protection and upgradation requirements of manufacturing facilities.

The Company is also focused on improving the cost base by enhancing the vertical integration of the manufacturing operations. Capital expenditure is also incurred to upgrade or replace key machineries utilised in manufacturing & assembly process to increase production efficiencies. The establishment period for new manufacturing facilities typically ranges between 12 and 24 months. Such capital expenditure primarily relates to the building of new manufacturing plants or increasing the capacities in existing plants in response to new orders from our customers.

The Company allocated significant funds during the past years to enhance the capacities of the plants at Germany, USA, China, Thailand, South Africa, Mexico, Hungary, Korea, India and Spain. The Company is focused on utilizing its global capabilities in order to achieve new dimensions in terms of growth with optimal capital outlays.

SMRP BV is in expansion process of its manufacturing capacities and global presence in both SMR and SMP. SMRPBV incurred capital expenditure of Euro 283 million during year ended March 31, 2018. Out of which approximately 52% of capital expenditure of Euro 148 million was incurred on new facilities/expansion.

The status of capacity expansions is as follows:

A. Capital expenditure in SMP division primarily related to the following under construction plants:-

   - Greenfield plant at Kekscemet in Hungary opened in November 2017. Since Q1 FY 2018, it started the serial production of the Key Projects for various customers.
   - Greenfield plant at Tuscaloosa, Alabama in USA. The plant is being set up for manufacturing of bumpers, door panels, spoilers and other exterior parts. Construction of this facility completed in April 2018. Prototype build phase and are currently conducting the Production Trials phase readying for the Start of series Production in October of 2018.
   - During the fiscal year ended March 31, 2018, SMP Neustadt started the expansion of its plant to focus on new projects. This expansion would be a further step to meet the growing customer requirements in the development of bumper systems.

B. Capital expenditure in SMR division primarily related to construction in progress of plants at:-

   - SMR has invested for expanding paint shop capacities at its Mosonszolnok facility in Hungary to support increasing volumes from customer for orders already booked and to further strengthen and improve excellence and efficiency levels of quality products supplied. This new fully automated robotic paint shop has been installed with offline programming cell, heat recovery system and 3 layer paint capacity of 150,000 pcs/week. This facility is supplying to all OEMs present in Europerion region. The paint shop has started commercial production during Q1 2018-19.
   - SMR has invested for relocating its facility from Bucheon to Incheon Bupyung area at South Korea. This strategic investment will support for expanding vertical integration capacities for key products like actuators, power fold and other mirror parts to support growing volumes globally at all facilities and address future business needs. This facility is equipped with state-of-the-art technology and all key processes in house. This new facility has started commercial production during Q4 2017-18.
   - SMR has built a new building at its existing facility at Cheongju City for expanding its current production capacities and create more room for future growth. This new facility has become operational during Q3 2017-18.
   - SMR has set up a new state of art facility at Yancheng, China for expanding vertical integration capacities for key products like actuators and side turn indicators to support volumes in that region. This facility is equipped with state-of-the-art technology and all key

processes in house like injection molding, metalizing and welding assembly. This new facility has started commercial production during Q3 2017-18.

- SMR is setting up a new state of art facility at Chennai, India for expanding its production capacity and consolidating the existing operations in that region. The new facility is planned to be equipped with fully automated robotic paint shop and all key process integrated in house including injection molding. The Company has also planned to make significant investments in setting up manufacturing facility for latest generation Glass Actuator to support the growing needs of Indian market. This new facility will be operational from Q4 2018-19.

Start-up cost incurred for new plants and facilities of SMP under construction was € 62million for FY2017-18 (€ 28 million for FY2016-17). There are significant start-up cost including project management cost, trial of new products, travelling and training cost incurred for setting up of manufacturing processes as per customer requirements, which are expensed to the income statement following conservative accounting practice. This will get normalized once the matching revenues from the new plants will start.

C. The company incurred capex of ₹ 3,040 million at standalone level, which include:

a) The Wiring Harness Division expanded its manufacturing capacity at its existing facilities in Noida. Commercial production of this plant started in Q2 FY 2017-18.

b) Wiring Harness Division has also completed construction of new green field plant in Pithampur, Indore. Commercial production started in FY 2017-18.

c) Wire division is setting up a new plant in Pithampur, Indore, commercial production is expected to start in FY 2018-19

The company is continuously improving its geographical footprint to diversify its operations to mitigate the impact of any such economic downturn in any specific geography.

## CASH FLOW

The Company's cash flow position is strong. Improved cash flow generation has resulted in strong returns for the shareholders. The following tables summaries company's consolidated and standalone cash flows for the current and previous years.

### Consolidated Cash Flow statement:

₹ in Million

| Consolidated Cash Flow | 2016-17 | 2017-18 |
|---|---|---|
| **Cash flow from operations** | **47,404** | **44,465** |
| Taxes paid | (8,433) | (10,048) |
| Exceptional Item | (974) | (1,777) |
| **Cash flow from operating activities** | **37,997** | **32,640** |
| Capital Expenditure (Net of disposal) | (27,789) | (30,308) |
| Proceeds from sale / (payment for purchase) of investments (net) | 778 | (1,651) |
| Consideration paid on acquisition of subsidiaries & associates | (40,453) | (1,225) |
| Cash flow from other investing activities | 203 | 1,243 |
| **Cash flow from Investing activities** | **(67,261)** | **(31,941)** |
| Proceeds from issue of shares | 25,277 | - |
| Proceeds & (repayments) of borrowings | 34,092 | (9,472) |
| Dividend paid | (16) | (5,020) |
| Cash flow from other financing activities | (4,178) | (7,722) |
| **Cash flow from financing activities** | **55,175** | **(22,214)** |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 25,912 | (21,515) |
| Net Cash and Cash equivalents at the beginning of the year | 17,656 | 48,772 |
| Cash and cash equivalents acquired consequent to acquisition of business | 5,808 | - |
| **Cash and cash equivalents as at current year closing*** | **49,376** | **27,257** |

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

### Operating Activities

Net cash generated from operating activities for the fiscal year ended March 31, 2018 was ₹ 32,640 million. Cash generated from operations before changes in working capital & income tax was ₹ 57,755 million. This is primarily due to higher earnings before taxes and improved profitability of business in different geographies. Exceptional expenses of ₹ 1,777 million were incurred on proposed acquisition of Reydel Group and on account of redemption premium and unamortised transaction costs on prepayment of Euro 500 million Senior Secured Notes. Investing Activities

Net cash flow utilised in investing activities during the fiscal year ended March 31, 2018 was ₹ 31,941 million. This was primarily contributed by amount paid for purchase of property, plant & equipment for ₹ 30,308 million (the same is explained in "Capital Expenditure").

During the year PKC group made acquisition of Fortitude Industries and contribution in Hubei Zhengao PKC Automotive Wiring Company Ltd. Total consideration paid for these acquisitions was ₹ 1,225 million. SMR group made strategic investment in OSSIA & Quanergy amounting ₹ 1,651 million.

### Financing Activities

Net cash flow utilized in financing activities for the fiscal year ended March 31, 2018 was ₹ 22,214 million. This mainly constitutes net repayment of borrowings amounting ₹ 9,472 million and dividend payment of ₹ 5,020 million.

### Standalone Cash Flow statement:

₹ in Million

| Standalone Cash Flow | 2016-17 | 2017-18 |
|---|---|---|
| **Cash flow from operations** | **10,657** | **12,819** |
| Taxes paid | (3,526) | (4,426) |
| **Cash flow from operating activities** | **7,131** | **8,393** |
| Capital Expenditure (Net of disposal) | (2,491) | (3,040) |
| Proceeds from sale / (payment for purchase) of investments (net) | (36,672) | (296) |
| Cash flow from other investing activities | 471 | 723 |
| **Cash flow from Investing activities** | **(38,692)** | **(2,613)** |
| Proceeds from issue of shares | 25,277 | - |
| Proceeds & (repayments) of borrowings | 8,116 | (1,372) |
| Dividend paid | (16) | (4,969) |
| Cash flow from other financing activities | (108) | (299) |
| **Cash flow from financing activities** | **33,269** | **(6,640)** |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 1,708 | (860) |
| Net Cash and Cash equivalents at the beginning of the year | 142 | 1,854 |
| **Cash and cash equivalents as at current year closing*** | **1,850** | **994** |

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

Operating profit before working capital changes was higher at ₹ 13,687 million, compared to ₹ 12,583 million for FY2016-17 due to higher earnings.

During the year company made capital expenditure amounting ₹ 3,040.

No new borrowings were raised during this financial year. Company paid ₹ 2/- on each share as dividend to its shareholders during the year.

## REVIEW OF PERFORMANCE BY SEGMENT

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

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

The following table shows business progress with respect to our different business segments during FY 2017-18:

₹ in Million

| Consolidated Sales (Net) | March 31, 2017 | | March 31, 2018 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| MSSL Standalone | 15% | 61,418 | 13% | 73,084 | 19% |
| SMR | 28% | 115,867 | 21% | 118,833 | 3% |
| SMP | 52% | 219,656 | 47% | 260,437 | 19% |
| PKC | 0% | - | 14% | 78,738 | 100% |
| Others | 5% | 22,901 | 5% | 27,488 | 20% |
| | | **419,842** | | **558,580** | |

MSSL Standalone segment represents standalone operations of Motherson Sumi Systems Limited, engaged mainly in manufacturing and trading of automobile parts for commercial and passenger vehicles.

SMR represents subsidiaries of Samvardhana Motherson Reflectec Group Holdings Limited which are engaged in development, manufacture and supply of rear view mirrors and drive assistance systems.

SMP represents subsidiaries of Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) (an overseas subsidiary of the Company) which are engaged in manufacturing and supplies plastic parts and system modules for vehicle interiors and exteriors.

PKC represents PKC Group Plc including its subsidiaries. PKC is engaged in designing, manufacturing and integrating electrical distribution systems, electronics and related components for commercial vehicle industries, rolling stock manufacturers and other related segments.

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

The company continuous to be focused mainly on the automotive industry, and has strong OEM relationships. The company's organic and inorganic growth has always been customer-led and the Company continues to follow this strategy.

The Company's broadening horizons in diversified geographies by covering major customers and vehicle segments resulted in its growth across all its major product segments. The Company is catering to all major automobile manufacturers across the globe. Along with automotive industry, the Company's product portfolio also includes major industry segments in the non-automotive sectors like earthmoving and material handling equipment, agriculture and farm equipment, medical diagnostics, white goods etc.

## MSSL STANDALONE

Motherson Sumi Systems Limited (MSSL) is a flagship company of the Samvardhana Motherson Group. It is a leading supplier of wiring harnesses, wires, injection-moulded components, assemblies; blow moulded components, integrated modules and high precision plastic parts to OEMs. MSSL is working through 54 facilities across India.
Table below shows the segment analysis of MSSL Standalone business:-

₹ in Million

| MSSL Standalone Sales (Net) | 2016-17 | | 2017-18 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Wiring Harness | 71% | 43,647 | 72% | 52,289 | 20% |
| Modules and Polymer Components | 28% | 17,008 | 27% | 19,840 | 17% |
| Rubber/Metal machined & other products | 1% | 763 | 1% | 955 | 25% |
| **Total** | | **61,418** | | **73,084** | **19%** |

### Wiring Harness

The wiring harness division has 34 facilities in India spread over Noida, Faridabad, Pune, Bengaluru, Chennai, Pathredi, Sanand, Lucknow, Haldwani and Indore. The Company's comprehensive design capabilities and its extensive product portfolio, facilitate continuous gain of market share and rapid growth in revenue above the industry average.

The segment has a strong presence in European two-wheeler and material handling equipment markets, along with the commercial vehicle segment in USA.

₹ in Million

| Wiring Harness | 2016-17 | | 2017-18 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Customers Within India | 85% | 37,135 | 87% | 45,686 | 23% |
| Customers Outside India | 15% | 6,512 | 13% | 6,603 | 1% |
| **Total** | | **43,647** | | **52,289** | **20%** |

Wiring Harness division of the Company registered a growth of 20% during 2017-18. Within India sales have grown by 23%.

### Modules and Polymer Components

Modules and polymer components business is conducted by Motherson Automotive Technologies & Engineering (MATE) and SMIIEL.

It manufactures wide range of injection-moulded components, assemblies, blow moulded components, integrated modules and high precision plastic parts especially connectors, fuse boxes and junction boxes for wiring harnesses. It also has a well-established tool room which develops moulds for a wide range of applications from high precision components to complicated automobile parts with specialization in wiring harness components.
The company is one of the largest moulded parts, assemblies and modules supplier to the Indian automotive industry. Polymer division has 17 facilities in India spread over Noida, Manesar, Pune, Bengaluru, Chennai, Pondicherry, Tapukera, Sanand and Walajabad.

₹ in Million

| Modules and Polymer Components | 2016-17 | | 2017-18 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Customers Within India | 92% | 15,716 | 94% | 18,640 | 19% |
| Customers Outside India | 8% | 1,292 | 6% | 1,200 | -7% |
| **Total** | | **17,008** | | **19,840** | **17%** |

Sale within India in Module and Polymer division of the Company registered growth of 19% during 2017-18.

### Machined metal components, rubber components and others

Metal Machining business , named as Motherson Innovative Engineering Solutions (MINES), a division of MSSL, has its facility at Bengaluru, India.

The Rubber Components business is conducted through Motherson Automotive Elastomers Technology (MAE) division of MSSL in Chennai and Noida, India.

Sales in Machined metal components, rubber components and others:

₹ in Million

| Rubber/Metal machined & other products | 2016-17 | | 2017-18 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Customers Within India | 29% | 224 | 37% | 353 | 58% |
| Customers Outside India | 71% | 539 | 63% | 602 | 12% |
| **Total** | | **763** | | **955** | **25%** |

During the year, the division achieved growth of 58% in its domestic revenue and 12% outside India.

**The financial performance and brief of the Company's subsidiaries is as follows:**

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

**Introduction:** SMRP BV is a joint venture between the Company and Samvardhana Motherson International Limited. The Company holds 51% shareholding in SMRP BV through its step down subsidiaries.

SMRP BV together with its subsidiaries is a leading global Tier 1 supplier of rear view vision systems (referred to as Samvardhana Motherson Reflectec (SMR)) and interior and exterior modules (including door panels, instrument panels and bumpers) (referred to as Samvardhana Motherson Peguform (SMP)) to OEMs primarily for use in the production of light vehicles.

The company has strong/long relationship with global OEMs by in almost all the regions and segments and these OEM customers collectively represented over 90% of global automotive production. The company currently supplies products to over 600 vehicle programs.

The SMRP BV Group is active in all major global automotive production regions. With 48 facilities and 13 module centers spread across 18 countries and strategically located in close proximity to the manufacturing plants of the OEM customers.

As on March 31, 2018, The company is maintaining a strong portfolio of over 900 patents. Design and research centres are interconnected and share innovations & technological advancements across a global network, which enables efficient improvement in the product quality and delivery of value added solutions on a global scale and in a cost efficient manner.

SMRPBV achieved sales of Euro 5,024 million having healthy growth of 10% in euro terms over previous year.

₹ in Million

| | 2016-17 | | 2017-18 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Mirror (SMR) | 35% | 115,713 | 31% | 118,733 | 3% |
| Modules and Polymer Components (SMP) | 65% | 219,425 | 69% | 260,109 | 19% |
| **Total** | | **335,138** | | **378,842** | **13%** |

SMP contributed 69% of the sales and SMR contributed remaining 31% for the fiscal year ended March 31, 2018. Standard & Poors Global Ratings ("S&P") has continued its outlook to stable affirming 'BB+' long-term corporate credit rating on SMRP BV and Fitch Ratings ("Fitch") has continued to rate outstanding secured bonds of SMRP BV at "BBB-". Furthermore, Fitch Ratings have also assigned a first time corporate rating of BB+ to SMRPBV.

**Geographical spread of SMRPBV business**

During the fiscal year ended March 31, 2018, 68% of the revenues were contributed by European region, APAC region contributed 14% and Americas contributed 18% to the overall group revenues. The company had achieved the healthy revenue growth across various geographies on consolidated basis.

₹ in Million

| | 2016-17 | | 2017-18 | | Growth |
|---|---|---|---|---|---|
| | % | Amount | % | Amount | % |
| Customers Within India | 2% | 5,196 | 2% | 5,726 | 10% |
| Customers Outside India | 98% | 329,942 | 98% | 373,116 | 13% |
| **Total** | | **335,138** | | **378,842** | **13%** |

The geographical spread of revenues would further diversify with commencement of commercial production in FY 18-19 from Greenfields at USA & Hungary.

**Samvardhana Motherson Reflectec (SMR):**

SMR division produces a wide range of rear view vision systems primarily for light vehicles. SMR is a leading global supplier of exterior mirrors, with a significant global market share of passenger car by volume. Rear view mirrors play an important role in automotive safety and design, and are becoming increasingly sophisticated. SMR's mirrors are engineered to optimize aerodynamics and integrate technologically advanced features that enhance safety, comfort and aesthetics.

SMR is a leading global supplier of exterior mirrors having its headquarters in Stuttgart, Germany. SMR is a global Tier I supplier of rear view vision systems to all the leading automobile OEMs, including Hyundai Kia, Ford, General Motors, PSA, Renault/Nissan, Suzuki, Fiat, Toyota, Tata JLR, Volvo, BMW, Audi, Daimler and Volkswagen.
SMR is present in 16 countries, has 21 manufacturing facilities including 2 module centers and employees 10,604 as on March 31, 2018.

## REVIEW OF SMR PERFORMANCE

SMR's Revenue growth muted due to forex impact of Euro 44.7 million during fiscal year ended March 31, 2018. SMR has also experienced growth in EBITDA of 13%, to a total of Euro 183 million as compared to Euro 162 million during previous year. The increase is primarily due to strong market demand in USA, Mexico and Spain.

Table below summarizes the financial results of SMR

Euro in Million

| Results # | 2016-17 | 2017-18 | % change |
|---|---|---|---|
| Net Sales | 1,575 | 1,575 | 0% |
| PBIDT | 162 | 183 | 13% |

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

During the year , ownership of one of the Company's subsidiary SMR Automotive (Langfang) Co. Ltd has been transferred to another subsidiary of the company, SMR Automotive Mirror Systems Holding Deutschland GmbH from SMR Automotive Modules Korea Ltd.

**Samvardhana Motherson Peguform (SMP):**

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

SMP produces various polymer-based interior and exterior products for light vehicles. SMP is a full systems solutions provider in plastic parts from design and concept development, product development to simulation, test and model constructions and prototyping to fully integrated mass production modules.

SMP focuses on the premium segment, and is a leading global supplier of door panels, instrument panels and bumpers with significant global market share in respective segments.

SMP's facilities are strategically located in close proximity to the plants of its OEM customers, allowing for minimal lead times and transport costs and efficient inventory management through "just-in-time" and "just-in-sequence" deliveries to customers.

SMP has 27 manufacturing facilities and 11 module centers in nine countries across the globe and employed 15,607 people as on March 31, 2018.

During the year ended March 31, 2018, SMP group started the commercial production from its Greenfield plant at Hungary for manufacture of bumpers, rocker panels, roof spoilers and wheel covers.

## REVIEW OF SMP PERFORMANCE

During the year, SMP registered growth of 16% in revenues, Euro 3,452 million from Euro 2,986 million with 7% increase in EBITDA margin.

The strong revenue growth is due to new orders won, ramp-up of new plants established in past years to cater to OEM's order. Strong market demand in USA, Mexico, Germany & Spain has also supported SMP Group to achieve the top line growth.

Table below summarizes the results of SMP Group

Euro in Million

| Results# | 2016-17 | 2017-18 | % change |
|---|---|---|---|
| Sales | 2,986 | 3,452 | 16% |
| PBIDT | 192 | 205 | 7% |

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

As at the year end March 31, 2017, cash and bank balance is lower than previous year due to prepayment of Euro 500 million senior secured notes and meeting the capital expenditure payments for new plants.

SMP registered consistent revenue growth across all products, regions and key customers. Cost control and discipline are reflected in the consistent year on year EBITDA margin improvement to 6%.

Strong performance of SMR and SMP is the result of an ongoing plan of operational improvements, strengthening of relationship with the OEMs based on recent performance and the successful opening of new plants to service new orders.

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

In January 2017, Motherson Sumi Systems Limited (MSSL) published a voluntary public tender offer for all PKC shares and option rights. By combining both companies the target was to create world leading wiring harness and component company to serve transportation industry and open up of new opportunity in many areas

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

Majority of PKC Group's key customers operate in the commercial vehicle industry which products are investment goods and as such their demand is highly correlated to the general economic development.

After 2016 Economic activity in North America has performed on a higher level. The modest growth of the European economy has continued to pick up and in Brazil and Russia, the economies have started to slowly recover from recession. Growth in China has continued at a level expected and the outlook has improved.

The possibilities of exploration of commercial vehicle industry along with PKC acquisition has been increased manifold.

PKC group comprises 38 companies including one associate company. The units of Wiring Systems business are located in Brazil, China, Estonia, Finland, Germany, Lithuania, Mexico, Poland, Russia, Serbia and USA.

During previous year only balance sheet of PKC group was consolidated as the acquisition was completed on March 29, 2017. This is the first year of full consolidation of PKC group with the company.

In October 2017, MSSL gained title to all shares in PKC Group Ltd and PKC Group Ltd's shares were de-listed from stock exchange.

PKC had presence in 13 countries with 25,510 employees during the financial year.

PKC´s strengths, mass customisation and the excellent skill to integrate into the customer´s operating environment, provide a unique competitive advantage in the market. Product design and effective supply chain management are carried out in close cooperation with customers and in accordance with their requirements.

## REVIEW OF PKC PERFORMANCE

Being PKC is being consolidated for the first time with the company. Previous year numbers are not shown below.

Euro in Million

| Results# | 2017-18 |
|---|---|
| Sales | 1,043 |
| PBIDT | 72 |
| PBT | 36 |
| PAT | 33 |

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

After acquisition by the company, PKC improved its performance at many fronts. Revenue grew organically in all geographical areas and growth was accelerated by some inorganic measures. For example, a rolling stock electrical distribution system company Fortitude Industries Inc., in the state of New York (USA) was acquired in March 2017 and a second joint venture in China commenced its full-scale operations in the fall of 2017.

Operations continued to be improved and integrated into MSSL. Numerous improvement and synergy initiatives were implemented e.g. in the areas of material sourcing, manufacturing best practices and quality. These initiatives are to bring further benefits for the combined entity and to strengthen the combined entity's position in the market place. PKC's market position continued to be strong in all product and geographical areas. During the financial period, customers honoured PKC with several quality awards. The strong position and recognitions by customers as well.

During the year, European truck demand has continued to recover and production volumes increased. In North America, the demand for heavy duty trucks decreased significantly in 2016 but has recovered clearly during the reporting period. In Brazil, the economic situation has improved and production volumes have increased substantially including the impact of clearly higher export volumes. In China, economic situation has improved and truck production has grown partly also due to market adjusting itself into new emission standards. The demand for the rolling stock has continued to grow steadily. All these factors are depicted in performance of PKC.

Board of directors of the company also proposed dividend of Euro 0.7 per share to its shareholder for FY 17-18.

**Other Businesses:**

| Subsidiaries | Nature of business | Currency | Revenue 2016-17 in million | Revenue 2017-18 in million |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| **MSSL Mideast (FZE)** MSSL Holding:100% Location : Sharjah Free Trade Zone, UAE | Manufacturing of wiring harness for supplies to leading manufacturers of material handling equipment, construction equipment, agricultural machines, garbage handling trucks etc. as well to SMR. | EUR | 46 | 44 |
| **MSSL (GB) LTD.** MSSL Holding:100% Country: New Castle, UK | Wiring harness and related modules to niche segments in UK. | GBP | 11 | 11 |
| **MSSL Wiring System** MSSL Holding: 100% Country: USA (one manufacturing facility) and Mexico (four manufacturing facilities) | MSSL Wiring System along with four fellow subsidiaries in Mexico i.e. Alphabet de Mexico, S.A. de C.V., Alphabet de Mexico de Monclova, S.A. de C.V. and Alphabet de Saltillo, S.A. de C.V., MSSL Wiring Juarez, S.A. de C.V. has five manufacturing facilities, a warehouse, an engineering and administrative center and a new design and support office. It designs and manufactures wiring harness products for sale principally to the commercial, agricultural and off-highway vehicle markets, as well as assembles entire instrument panels that are configured specifically to an OEM customer's specifications in the commercial vehicle market. | USD | 202 | 270 |

| Subsidiaries | Nature of business | Currency | Revenue 2016-17 in million | Revenue 2017-18 in million |
|---|---|---|---|---|
| **Motherson Electrical Wires Lanka Private Limited**<br>MSSL Holding: 100%<br>Country: Sri Lanka | Manufacturing wires for automotive applications. It supplies wires to different manufacturing locations of MSSL. | USD | 17 | 21 |
| **MSSL Tooling (FZE)**<br>MSSL Holding:100%<br>Country: UAE | Manufacturing high quality plastic moulded components, injection moulded precision tool & plastic parts. The Company has also facilities for post moulding operations and assembly. MTL supplies to Tier 1 customers and supports the polymer business in Europe. The Company serves the auto components, pharmaceuticals, construction-anchors industries. | EUR | 10 | 11 |
| **MSSL Advanced Polymers s.r.o**<br>MSSL Holding: 100%<br>Country: Czech Republic | Supplies products to leading European automotive Tier-I suppliers. The product range includes connecting door rods, plastic parts safety belts, connectors, sensing elements, covers, parts for pneumatic dispatch, visible parts for roof rays, plastic parts for fuel tanks etc. | EUR | 27 | 26 |
| **MSSL GmbH**<br>MSSL Holding: 100%<br>Country: Germany | Supplies plastic components to Tier 1 customers and also acts as the holding Company and corporate office providing support to the European entities. | EUR | 8 | 18 |
| **Motherson Techno Precision GmbH**<br>MSSL Holding: 100%<br>Country: Germany | Serves automobile and auto component manufacturers and tier 1 customers. The product range includes precision turned parts for fuel injection, fuel pump, emission controls, pressure sensors, air condition systems etc. | EUR | 7 | 7 |
| **Motherson Techno Precision México, S.A. de C.V**<br>MSSL Holding: 95.1%<br>Country: Mexico | Provides engineering, design and prototype services, mainly to wiring harnesses customers in Americas. | EUR | 9 | 8 |
| **MSSL Manufacturing Hungary Kft**<br>MSSL Holding: 100%<br>Country: Hungary | The company was formed in October 2016 by acquiring the land, building and machinery of Abraham es Tarsa Kft. It is in the business of plastic moulding | EUR | 1 | 5 |
| **MSSL s.r.l. Unipersonale**<br>MSSL Holding: 100%<br>Country: Italy | Provides engineering, design and prototype services, mainly to wiring harnesses customers in Europe. During the year MSSL GmbH sold the holding in MSSL s.r.l. Unipersonale to MSSL (GB) LTD. | EUR | 0* | 0* |
| **MSSL Global RSA Module Engineering Ltd.**<br>MSSL Holding: 100%<br>Country: South Africa | Manufacturing of moulded parts like bumpers, instrument panels, door trims, Interior Trims and fully robotic paint shop for painting body colour matched parts for leading OEMs. | ZAR | 1,039 | 982 |
| **MSSL Japan Limited**<br>MSSL Holding:100%<br>Country: Japan | Supplies wiring harness for heavy commercial vehicles. | JPY | 2,014 | 1,316 |
| **MSSL México, S.A. De C.V.**<br>MSSL Holding: 100%<br>Country: Mexico | Supplies wiring harness within MSSL and to customers in local and USA market. | USD | 18 | 21 |

| Subsidiaries | Nature of business | Currency | Revenue 2016-17 in million | Revenue 2017-18 in million |
|---|---|---|---|---|
| **MSSL WH System (Thailand) Co.**<br>MSSL Holding: 100%<br>Country: Thailand | Manufacturing of wiring harness for leading OEMs. | THB | 425 | 525 |
| **MSSL Korea WH Ltd.**<br>MSSL Holding: 100%<br>Country: Korea | Supply wiring harness in Korea. | KRW | 2,394 | 2,565 |
| **Motherson Elastomer Pty Ltd**<br>MSSL Holding: 80%<br>Country: Australia | Manufactures orbitread tyre compounds, conveyor belting rubber compounds, automotive component rubber compounds, weather strips, glass runs, boot and hood seals, tank straps, rubber flares, bonded components, suspension bushes, engine and transmission mounts, bump stops, large engine gaskets, silent blocs, industrial mountings and couplings, auto and truck suspension components. MEPL caters to the automotive, mining, tyre retreaders, construction, defense and rail industries. | AUD | 24 | 46 |
| **Vacuform 2000 (Pty) Limited**<br>MSSL Holding: 51%<br>Country: South Africa | Manufacturing of Vacuum-forming, thermo-formed products, polyurethane moulded products and blow moulded products majorly for automotive industry. The Company supplies components to all the leading automotive OEMs present in the region. | ZAR | 160 | 179 |
| **MSSL Ireland Pvt. Ltd.**<br>MSSL Holding: 100%<br>Country: Ireland | Provides design services, mainly to wiring harnesses customers. It also provides logistics support services to MSSL and MSSL Mideast, enabling them to supply online to customers in Europe. | EUR | 0.4 | 0.4 |
| **Other Subsidiaries** | | | | |
| **Motherson Wiring System (FZE)**<br>MSSL Holding: 100%<br>Country: UAE | Providing building on lease at UAE to Motherson group companies and receiving rental income for the same. | EUR | - | - |
| **MSSL (S) Pte Ltd.**<br>MSSL Holding: 100%<br>Country: Singapore | Provides support to MSSL and its group companies mainly for international purchasing. The Company is also a holding company for the group investments in MSSL Australia Pty Ltd., MSSL Japan, MSSL México S.A. De C.V., MSSL WH System (Thailand) Co., Ltd and MSSL Korea WH Limited. During the year MSSL (S) Pte Ltd sold the holding in MSSL Ireland Pvt. Ltd to MSSL (GB) LTD. | SGD | 0.2 | 0.2 |
| **MSSL Australia Pty. Ltd.**<br>MSSL Holding: 80%<br>Country: Australia | The Company is a holding company and corporate office providing support to the Australian entities. During the year MSSL (S) Pte Ltd. sold the holding in MSSL Australia Pty. Ltd. to MSSL Mauritius Holdings Ltd. | AUD | - | - |
| **MSSL Investment Pty. Ltd.**<br>MSSL Holding: 80%<br>Country: Australia | Providing land and building on lease at Bendigo to its fellow subsidiary Motherson Elastomers Pty Ltd. | AUD | - | - |
| **Global Environment Management (FZC)**<br>MSSL Holding: 100%<br>Country: UAE | Marketing its key product Aerobin in Australia. The product re-cycles household and garden wastes into beneficial compost without any use of electricity or chemicals which helps in avoiding dumping of household waste into landfill. | AUD | - | - |

| Subsidiaries | Nature of business | Currency | Revenue 2016-17 in million | Revenue 2017-18 in million |
|---|---|---|---|---|
| **MSSL Mauritius Holdings Ltd.**<br>MSSL Holding: 100%<br>Country: Mauritius | The Company is holding investments in Global Environment Management (FZC), Samvardhana Motherson Global Holdings Ltd., MSSL Global RSA Module Engineering Limited and Vacuform 2000 (Pty) Limited. | EUR | 7 | 6 |

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

**Joint Ventures**

As per Ind AS requirement JV companies are now being consolidated using the equity method.

The summary of financial highlights and brief of the major JV companies is as follows:

| Joint Ventures | Nature of business | MSSL Holding 2017-18 | Revenue 2016-17 in ₹ in million | Revenue 2017-18 in ₹ in million |
|---|---|---|---|---|
| Kyungshin Industrial Motherson Ltd. | KIML is a joint venture between Kyungshin Corporation (KIC), South Korea and Motherson Sumi Systems Ltd. The Company manufactures wiring harnesses at three locations in Chennai (India). The Company is a single source of wiring harness for Hyundai Motor India Ltd. for its complete range of cars manufactured in India. It caters exclusively to Hyundai Motors. The Company has the facility of conveyorised mass production of wiring harness. | 50% | 13,335 | 12,931 |
| Calsonic Kansei Motherson Auto Products ltd. | The Company is a joint venture between Motherson Sumi Systems Ltd. and Calsonic Kansei, Japan. The manufacturing units are located in Manesar and Chennai in India. The Company specializes in the manufacture of climate- control systems including HVAC modules, compressors, body control modules and meters clusters for the automotive industry. | 49% | 5,371 | 4,401 |
| Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. (through SMR) (Includes Chongqing SMR Huaxiang Automotive Products Limited) | The company is a joint venture between Ningbo Huaxiang Electronic Co., Ltd, and SMR Automotive Mirror Systems Holding Deutschland GmbH. The company is mainly engaged in the development, manufacture of automotive mirrors, filler caps, exterior door handles, automotive electrical appliances and automotive instrument sets, as well as after sale services. | 50% | 12,627 | 14,440 |
| Eissmann SMP Automotive Interieur Slovensko s.r.o (through SMP Deutschland GmbH ) | The company is a joint venture with Eissmann Automotive Slovensko s.r.o.. It is a supplier of high-quality leather interior equipment. It is one of the world's leading manufacturers of high-quality control panels, trim panels and complete vehicle interiors, and works with almost all major automotive manufacturers. | 49% | 4,285 | 3,462 |

| Joint Ventures | Nature of business | MSSL Holding 2017-18 | Revenue 2016-17 in ₹ in million | Revenue 2017-18 in ₹ in million |
|---|---|---|---|---|
| Global Environment Management (FZC) (held by MSSL Mauritius Holdings Limited) (Included Global Environment Management Australia Pty Limited) | Marketing its key product Aerobin in Australia. The product re-cycles household and garden wastes into beneficial compost without any use of electricity or chemicals which helps in avoiding dumping of household waste into landfill. | 100% | 19 | # |

# During March 31, 2018, One of the subsidiary of the company, MSSL Mauritius Holdings Limited purchased 21.81% stake of Global Environment Management (FZC) from E-Compost Pte Ltd, Now Global Environment (FZC) has become 100% subsidiary of the company w.e.f August 23, 2017.

The company's share in net profit of associates and joint ventures is ₹ 1,381 million in FY 2017-18 as compare to ₹ 1,831 million in FY 2016-17.

## RISK MANAGEMENT

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

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

The successful management of opportunities and risks is part of operating a business and is the primary task of all management personnel. During the regular management meetings at all management levels, opportunities, risks and optimisation measures are reviewed in detail. Any exceptional situations having potential risk are identified and treated at the early stage to minimize their impact on financial and income positions.

**Below are the main areas of risks which can impact the company:-**

- Price risk
- Forex risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Market risk
- Information technology risk
- Reputation risk
- Social, Political & economical risk

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

## INTERNAL CONTROL SYSTEMS

The Company has a large global footprint and it is of utmost importance that the company's systems and process across the group is robust at all times. The company invests sizeable resources to ensure that internal control processes meet the best practices.

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

The Company has appointed internal auditors to carry out both system and financial audit of its activities. The audit findings are reviewed by the Audit Committee at regular intervals, details of which have been provided in the corporate governance report. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. The Company has also identified various business risks and laid down necessary procedures for mitigation of the same. Given the geographical spread of the operations of the Company, it has devised adequate systems to ensure statutory compliances at each location and these are monitored regularly.

Management has assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as on March 31, 2017. The assessment involved self-review, industry review and external audit.

The statutory auditors of the Company has audited the financial statements included in this annual report and has issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

## HUMAN RESOURCE

At MSSL, employees are the flag bearers and have helped it evolve into a successful global corporation and a key player in the automotive industry today. It is the employees who have always gone an extra mile, worked an extra hour, to win accolades from customers.

With operation in 37 countries, MSSL is a potpourri of people with different cultures, skillset, language, landscape etc. This, greatest strength of MSSL enables it to be present in the global markets and meet local requirements. For others it is a challenging scenario but for MSSL it is the core strength. It is only through extensive, dedicated global team that the organization connect people, customers, partners all around the world.

MSSL has a clear DNA, Vision, Mission and Mantras in place which have shaped the organization culture today and will continue to do so tomorrow. It has clear 5 year targets which all the members strive to contribute to. Along with clear directives the greatest advantage MSSL has is the trust of its customers. Delighted customers are the foundation of organizational success. MSSL strives to be the design and supply partner for all its customers in every corner of the world.

This is how the team contributes to become One Team- One Goal - One Motherson.

At Motherson, employees are treated as "**partners in the progress**". They not only work together but also celebrate the success together. Motherson is one global yet closely-knit family of professionals united by the shared Vision of becoming a ***Globally Preferred Solutions Provider***.

Our heart is in the shop floors and the Company has always worked to give opportunities to its people irrespective of their educational background. The passion and attitude are the most valued assets of human behaviour in the Company. Associate mentoring and responsible candidature goes a long way in ensuring company's success.

For overall development of employees training and skill development is very important. A comprehensive training structure is laid down for all employees. In addition to the induction training, regular training on job-related modules is also provided to help employees improve continually in the performance of their duties. **Skill development centers** at multiple locations are in place, to train the employees and associates at grass-root level. Such initiatives help attract and retain best talent across the industry.

Without any doubt, a skilled workforce creates credibility for the Company. A team of skilled professionals from MSSL and acquired companies form a Best-Practice group for technical knowledge sharing and understanding of each other's good practices. The strength of the group thus lies in working and growing together as a team.

The richness of the organizational culture and its conduciveness to employee prosperity are the reasons why the organization has been able to harbour trust in its people. Employees seek challenging assignments to achieve self-actualization. The management is responsive to the professional aspirations of its employees and provides them with a plethora of growth opportunities, allowing them to rise manifold in rank and spearhead strategic positions within the organization

The company has a system of fair practices for all employees to abide by. Policies have also been laid down to ensure a safe environment for all female employees.

Company believes that despite having the best strategy and the best infrastructure in the world, an organization cannot progress until it has the hearts and minds of its people. As the custodians of its people, it is the organizations duty to nurture an environment wherein the employees can thrive as dynamic professionals and individuals.

MSSL has devised various awards and activities for their employees to keep them motivated and inspired. The concept of kaizens and innovation awards wherein employees nominate their productivity-enabling improvements for earning recognition at a company-wide pedestal are such practices. This provides self-development opportunities to employees who get to present innovative project ideas and take on bigger responsibilities.

MSSL also encourages work samitis and suggestions, safety, transport and canteen committees to allow employees to be vocal about their suggestions and concerns and assist in critical decision making.

In addition to the aforementioned measures, the Company celebrate all festivals with employees all the year round and engage them in competitions such as rangoli making, poster making, quiz, family children's painting competition etc.

Quality Circles constitutes an essential part of MSSL's growth endeavors and has helped in the overall development of numerous employees. The practice of **quality circle** connects people, processes and products to deliver noteworthy results.

This concept has cultivated a rich quality culture that imparts many self-development opportunities to everyone. Employees present innovative project ideas and also get ready to take on bigger responsibilities. Quality circle is in short a whole world in itself and at Motherson, we ensure we make the most of this all-encompassing concept.

Quality circles are a great way to develop solution oriented approach in employees and teach them different problem solving techniques. Frequent participation in company, group or external competitions, gives employee stage confidence and also hone their presentation skills. By taking up improvement projects in the area of quality, productivity and safety as a team, employees learn team-work and also gain know-how of the product and business.

The group annually hosts the Quality Circle Convention - a platform for all Quality Circles from across the world to showcase their ideas and improvement projects. The team across the globe participate with full passion and prove how they have grown big through this group activity.

Total 2,570+ Quality-Circle projects have been completed within the Samvardhana Motherson Group this year, out of which 2000+ quality projects have been completed by teams from MSSL and its various subsidiaries.

With their remarkable diligence to make a difference, Quality Circle teams of MSSL and its related companies have been coming off with flying colours in the various internal and external competitions they participate in.

Thus employee engagement is an investment made in an effort to future proof the organization's productivity and performance.

Organization always believed that happy people are a sign of steady growth and a healthily progressing organization. And at MSSL, we strive to continue being one!

## ENVIRONMENT, HEALTH AND SAFETY (EHS)

Environment, Health & Safety (EHS) – a lot of importance is placed on all the three parameters. Safety first is the philosophy in MSSL. A safe and healthy workplace has always been one of the highest priorities of MSSL. The Human Resource Department at MSSL assumes the overall responsibility for employees health and safety. At the grassroot, all departmental heads and supervisors are responsible for maintaining safe working conditions of their employees in their respective departments and units, most of which are accredited ISO 14001 units.

Every employee of MSSL is guided by the values of its Corporate Social Responsibility codes and committed to meeting the highest standards of corporate citizenship within the realms of the company's vision. MSSL complies with regulations, advocates for progressive environmental policies, and protects workers' safety as part of its corporate responsibility. The Company recognises its corporate responsibility to carry out its operations whilst minimizing the impact on the environment. It also aims to comply with all applicable environmental legislation to prevent pollution and to minimise environmental damage occurring as a result of its activities.

The company carried various conservation drives such as reducing paper wastage etc. Tree plantation is an activity carried out in units at regular intervals. This is done with the objective of promoting a green and pollution free environment. A special team, called the 'Green Team', has been created to take green initiatives such as using environmental friendly products etc.

Safety trainings and workshops are undertaken by the organisation for all its employees regularly and ongoing basis. The trainings aim to educate the employees and raise awareness about the importance of their safety and various safety programs and policies of the organisation. Safety audits are carried out at regular intervals in all the units. The training modules designed for new employees, gives an insight into the safety norms to be followed and be aware of. Work permits to employees are issued which cover all aspects of safety before, during and after the work. MSSL lays emphasis on safety management, employee training, and injury prevention.

As an organisation, MSSL takes the responsibility of creating a positive impact on the communities where it does business across the globe where it has its footprints. Every year MSSL observes a Safety Week. This year it was from 04th ~10th March 2018 across all its units. This is in line with its commitment to the health and safety of employees. The main objective of the week was to "Make the workplace Safe, Secure & Injury Free". This year, the week saw a series of programs and activities including safety training sessions for staff, bus drivers, ambulance drivers, forklift drivers etc. Similar safety awareness training was also imparted to external contractors' services such as the canteen, housekeeping & security personnel. Other activities carried out during the week included display of safety banners, distribution of safety badges, a quiz competition on safety measures as well as a safety march for the workers on the shop floor of various units.

Global Environment Management, a MSSL subsidiary, is dedicated towards developing products for improving the environment. Its first product, Aerobin, is a technological breakthrough in home and garden waste management that allows households to effectively recycle organic waste at home. The product helps the average household divert 50% of its waste away from landfill, into compost. The Company's polymer and mirror divisions also work on developing new lightweight products and support the weight reduction programs of their customers in order to reduce vehicle weight and resultant reduction in emissions because of less fuel consumption. Axis less mirror from SMR is an example of weight reduction. MSSL is trying to continuously meet new challenges posed in this area, creating systems to better deal with issues related to Environment, Health and Safety on priority basis in its every day functioning.

## OPPORTUNITIES AND FUTURE PROSPECTS

Overall, the global automotive industry is in good shape. Particularly in the US market where sales and profits are showing market improvements and China, where growth remains strong. This progress is likely to continue.

In the automotive space, companies need to adapt to changing regional and segment patterns of supply and demand with respect to their production and supply base footprints, supply chains, and product portfolios at a faster pace to stay competitive.

MSSL sets its target on 5 year plans. This is 5th Plan and the company in executing Vision 2020. While there are developments in automotive industry, the company is well positioned to meet its challenges, given that the company's products are agnostic to power train. The future requires more platform sharing and more modular systems. Rising complexity encourages more platforming, which is an opportunity for MSSL. The need of the hour is innovative solutions for active safety and infotainment. Further the company operates in very close cooperation with its customers and Motherson Innovation gives us platform to innovate and prepare itself for newer technologies and solutions to the OEMs.

The wide global spread across 37 countries helps it cater to its customer needs locally. New facilities are coming up globally which are in various stages of completion. They help the company to be prepared to serve its customers locally allowing it to capitalize on the changing trends in the global automotive space.

With the acquisition of Reydel Automotive Group, the company will be able to enhance its global footprint in field of Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit across Europe, South America and Asia. The acquisition has also brought the company closer to its 2020 revenue targets. MSSL continues to focus on developing more content per car. The drive to deliver more to its customers has been MSSL's most unique and continued approach to its growth strategy. This approach has over the years effectively converted the current challenges into opportunities.

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| General information about the Company | | Details |
|---|---|---|
| **1** | **Corporate Identity Number (CIN) of the Company** | L34300MH1986PLC284510 |
| **2** | **Name of the Company** | Motherson Sumi Systems Limited |
| **3** | **Registered address** | Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, India |
| **4** | **Website** | www.motherson.com |
| **5** | **E-mail id** | investorrelations@motherson.com |
| **6** | **Financial year reported** | 2017-18 |
| **7** | **Sector(s) that the Company is engaged in (industrial activity code-wise)** | |
| | **Name and description of main product/services** | **NIC Code of the product / service** |
| | Wiring harness and components | 29304 |
| | Polymer products | 29302 |
| **8** | **List three key products/services that the Company manufactures/provides (as in balance sheet)** | Wiring harnesses<br>Rear view mirrors<br>Polymers and modules |
| **9** | **Total number of locations where business activity is undertaken by the Company** | |
| | **i. Number of international locations** | International: 37 Countries<br>Europe 20<br>Americas 4<br>Asia 10<br>Australia 1<br>Africa 2 |
| | **ii. Number of national locations** | Domestic: Across India |
| **10** | **Markets served by the Company – Local/ State/ National/ International** | Europe, Americas, Asia, Australia, Africa |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| Financial details of the Company | | FY 2017-18 Standalone ₹ in million | FY 2017-18 Consolidated ₹ in million |
|---|---|---|---|
| 1 | Paid up Capital | 2,105 | 2,105 |
| 2 | Total Turnover | | |
| | (a) Revenue from operations | 76,673 | 565,213 |
| | (b) Other income | 1,404 | 1,701 |
| 3 | Total Profit After Taxes | 8,791 | 15,970 |

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 0.10% (₹ 8 million) of average profit for previous three years in respect of standalone Motherson (computation as prescribed by the Companies Act, 2013).

5. **List of activities in which expenditure in 4 above has been incurred:**

   a) Skill Development

   b) Health and wellness

   c) Waste management & sanitation

## SECTION C: OTHER DETAILS

| Other details | | Details |
|---|---|---|
| 1 | Does the Company have any Subsidiary Company/ Companies? | Yes |
| 2 | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s) | Yes, all the subsidiaries (in total 140) participate in BR activities. |
| | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the % of such entity/entities? [Less than 30%, 30-60%, More than 60%] | All our customers are Original Equipment Manufactures (OEMs) and as per our understanding & information, all of them have their own BR initiatives. Suppliers are encouraged to participate in the Company's BR initiatives being a responsible business. |

## SECTION D: BR INFORMATION

### 1. DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

**a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

| | |
|---|---|
| DIN Number | DIN 00194931 |
| Name | Mr. Pankaj Mital |
| Designation | Whole time Director/ Chief Operating Officer |

**b) Details of BR head**

| | |
|---|---|
| DIN Number (if applicable) | N.A |
| Name | Mr. G. N. Gauba |
| Designation | Chief Financial Officer |
| Telephone number | +91-120-6679500 |
| e-mail id | investorrelations@motherson.com |

### LIST OF PRINCIPLES

| | |
|---|---|
| **Principle 1** | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| **Principle 2** | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle |
| **Principle 3** | Businesses should promote the wellbeing of all employees |
| **Principle 4** | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised |
| **Principle 5** | Businesses should respect and promote human rights |
| **Principle 6** | Business should respect, protect, and make efforts to restore the environment |
| **Principle 7** | Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| **Principle 8** | Businesses should support inclusive growth and equitable development |
| **Principle 9** | Businesses should engage with and provide value to their customers and consumers in a responsible manner |

## 2. PRINCIPLE-WISE (AS PER NATIONAL VOLUNTARY GUIDELINES) BUSINESS RESPONSIBILITY POLICY/ POLICIES (REPLY IN Y/N)

| Sr. No | Question | Principle (Yes/No) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Do you have a policy for.. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national /international standards? If yes, specify? | N | N | N | N | N | N | N | N | N |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | N | N | N | N | N | N | N | N | N |
| 6 | Indicate the link for the policy to be viewed online? | http://www.motherson.com/corporate-governance.html | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

## 2A. IF ANSWER TO S.NO. 1 AGAINST ANY PRINCIPLE, IS 'NO', PLEASE EXPLAIN WHY: (TICK UP TO 2 OPTIONS)

| S. No | Question | Principle (Yes/No) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | The Company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3 | The Company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 year | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason (please specify) | - | - | - | - | - | - | - | - | - |

## 3. GOVERNANCE RELATED TO BR

**1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Chief Operating Officers of the respective divisions periodically review the BR performance of the Company. The action points emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

Besides, the CSR Committee of the Board reviews the Social (CSR) performance of the Company as per the Companies Act, 2013.

2. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   The Company is in process of formalising sustainability report for publishing.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/ NGOs /Others?**

   The Company's Code of Conduct and Ethics ensures compliance to the Company's standards of business conduct and ethics and regulatory requirements, it is available on the intranet and on the Company's webpage. All the group companies are covered by the Code of Conduct. Code of conduct forms part of term of appointment letter and is sign at the time of joining the Company. The middle and senior management sign the Code of Conduct every year. The Company has in place a Whistle Blower Policy and is communicated through various means including publication on the Company's website.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   No complaints were received during the year 2017-18, from various stakeholders.

### PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   - Wiring harnesses
   - Super slim copper cables
   - Compressed ultra slim copper cables

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   A. **Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**

   B. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   MSSL is committed to save resources by adopting latest technology. Since wiring harness for the vehicles, transmitting power and signals to electric equipment, has the tendency to increase its size and weight due to the growth of new equipment and electric systems, the weight and physical size reduction is required for vehicle compactness and fuel efficiency considering environmental impact.

   Use of very thin walled cables, power distribution modules, electronic junction boxes and other weight and size reduction techniques are applied by MSSL to the wiring technology for automobiles to provide safe, comfortable and environment-friendly products for the vehicles. The optimized designs and technologies resulted in saving of raw materials and power consumption, directly at MSSL and indirectly in entire supply chain.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   Yes

   A. **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Sustainable sourcing describes a sourcing exercise which goes beyond economic considerations and takes into account environmental, social and ethical factors as well. It is a widely practiced tool within Motherson and the endeavour is to maximise its reach with every passing year. Motherson has a stated environment policy and an occupation health and safety policy. The vendors have to ensure compliance to these policies. It covers various issues like health of their workers deployed, safety measures adopted, discharge from equipment, hygiene norms etc. The adherence to the policy is inspected periodically and actions are taken on the deviations if any.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   MSSL undertakes initiatives to build capacities of the suppliers. Further, MSSL keeps on developing local vendors, the Company's Quality teams visit their facilities, analyses quality related aspects, and create action plans jointly with the suppliers, customers and monitored performance. In the current year, the Company strengthened efforts towards quality across the value chain. Several initiatives were taken in this direction. The Company supports suppliers with knowledge in specific areas that have a major impact on quality. During the year, training sessions were conducted for vendor personnel to share best practices in quality systems and manufacturing processes.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The nature of the Company's business is such that there are no significant emissions or process wastes. The focus of the Company is to recycle the waste. The Company recycle materials wherever it is usable within the Company, which cannot be reused is disposed off in a manner that waste will be recycled.

## PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1. **Please indicate the total number of employees.**

   The total number of employees was 106,452 as on March 31, 2018 in the Company (including its Subsidiaries).

2. **Please indicate the total number of employees hired on temporary/ contractual/casual basis.**

   The total contractual/temporary manpower employed was 46,664 as on March 31, 2018 in the Company (including its Subsidiaries).

3. **Please indicate the number of permanent women employees.**

   There were 20,081 permanent female employees as on March 31, 2018 in the Company (including its Subsidiaries).

4. **Please indicate the number of permanent employees who are differently abled.**

   There were 933 differently abled permanent employees as on March 31, 2018 in the Company (including its Subsidiaries).

5. **Do you have an employee association that is recognised by management?**

   Motherson group has proactive HR practices and policies and has participation of work councils and associations in different locations.

6. **What percentage of your permanent employees is members of this recognised employee association?**

   26%

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

| S. No | Category | No. of complaints filed during the financial year | No. of complaints pending as on March 31, 2018 |
|---|---|---|---|
| 1 | Child labour/ forced labour/ involuntary labour | Nil | Nil |
| 2 | Sexual harassment | 2 | Nil |
| 3 | Discriminatory employment | 1 | Nil |

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

| | |
|---|---|
| Permanent Employees | 79% |
| Permanent Women Employees | 83% |
| Casual/Temporary/Contractual Employees | 91% |
| Differently abled employees | 69% |

   Safety training is a part of the induction process and all employees mandatorily go through one day safety training, including firefighting training. For shop floor workers, periodic safety training is organised as per the annual safety calendar.

## PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   -Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   -Yes

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so**

   For socio-economically disadvantaged sections of the society, the Company is implementing following three CSR programmes:

   a) **Skill Development**

      Skill development initiatives are undertaken by MSSL regularly and the Company engages with the communities regularly and implements development programmes (such as education for poor and people in rural locations). These issues are critical to the community members. There is concerted effort to involve the community's participation in the programmes, wherever feasible.

   b) **Health and wellness**

      Water and sanitation, education and rural development are the critical issues of society, MSSL has setup facilities like water purifier in the rural location as well as the Company creates awareness among people about sanitation and clean water for their better health. The Company is enhancing infrastructure across business locations in rural areas for the health and ease of life for the people. For the good health of people, the Company organises blood donation camps and health check-up camps regularly to make people more aware.

   c) **Waste management & sanitation**

      Motherson initiates awareness for the use of Aerobins. Aerobin is a home and garden containment system which enables households to divert all organic kitchen and garden recyclable materials away from landfill. Instead, the resulting compost can be added to garden soil to complete the natural carbon cycle, thereby avoiding the generation of greenhouse gases in the collection, transportation and anaerobic decomposition that would otherwise occur at landfill. Aerobin incorporates patented technology that supports a healthy aerobic decomposition of the biomass materials without the need for manual intervention. The patented aeration system along with integral insulation ensures that composting happens year round, even in cold climates. This technology can contribute enormously to the wellbeing of communities through a cleaner environment and pollution reduction in a simple, easily adoptable way.

## PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/ Others?**

   The policy is applicable to Motherson, its subsidiaries and vendors. The Company's commitment to follow the basic principles of human rights is reflected in the checks and balances within the HR processes. The commitment to human rights is embedded in the 'MSSL Code of Conduct', adopted by the Company. All employees, including security personnel, are sensitised to human rights as part of their orientation programme.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company did not receive any stakeholder complaint in 2017-18 regarding human rights.

## PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/ others.**

   Environmental Policy is applicable to all the business units/groups and extends to business partners including suppliers, vendors and contractors.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc**

   Yes, the Company has an 'Environment Policy' which guides the organisation to continually mitigate the impact on climate change and global warming as a result of our operations. The Company works continuously to reduce the waste and focused on creating green infrastructure which are designed for better energy efficiency and efficient operations.

   Refer Directors' Report for details in relation to environment conservation and technology absorption.

3. **Does the company identify and assess potential environmental risks?**

   Yes, potential environmental risks are identified as a part of the Company's risk management activity and feature in the Company's risk library. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   Most of the locations in India are certified for requirements under ISO 14001 (Environmental Management System) and OHSAS 18001(Occupational Health and Safety System). Audits by independent auditors are carried out to check the level of compliance. Deviation management system ensures that the corrective actions are close looped and issues are addressed within a reasonable time frame. Environment, Health and Safety (EHS) performance assessment is carried out annually to review the situation and identify the areas for improvement. Objectives are established for the next year and improvement programs are prepared and deployed.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Covered under Directors' Report, which forms a part of the Annual Report

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   All emissions and waste generated by the Company are within the permissible limits given by CPCB/SPCB.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   - None

## PRINCIPLE 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:**

   Motherson regularly engages with industry bodies, expert agencies and contributes to the policy making process. An indicative list of the Company's major memberships is:

   a. Automotive Component Manufactures Association of India (ACMA)

   b. Federation Of Indian Export Organisation

   c. Society Of Indian Automobile Manufacturers

   d. Wiring Harness Manufacturing Association

   e. Federation Of Indian Chambers of Commerce & Industry

   f. Indo German Chamber Of Commerce

   g. The Associated Chambers of Commerce & Industry of India

   h. Motor & Equipment Manufacturers Association (USA)

   i. Heavy Duty Manufacturer Association

   j. Export Promotion Council For EOU & SEZ's

   k. Confederation of Indian Industry

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas**

   No

## PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. Details on the same have been shared in Principle 4.

   The Company has aligned its CSR programmes with the requirements of The Companies Law 2013. The Company has set up a three members CSR Committee of the Board. The Company's CSR Policy has been approved by the CSR Committee and the Board (www.motherson.com/corporate-social-responsibility.html). The CSR programmes are mentioned in the CSR policy.

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?**

   The CSR programmes of the Company are run through NGO partners and other agencies having subject expertise.

3. **Have you done any impact assessment of your initiative?**

   The CSR programmes and their impacts/ outcomes are monitored and reviewed by the CSR Committee periodically.

4. **What is your Company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken.**

   Details on the Company's CSR programmes on community development have been shared in Principal 4, question 3.

   In 2017-18, the Company spent ₹ 8 million on community development projects under CSR initiatives.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms are regularly carried out. The Company has engaged highly trained employees to drive and monitor the CSR activities.

## PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

   The Company has a robust system for addressing customer complaints. The customer cases filed against the Company for defects in the vehicles or relating to sales are not significant in number compared with annual sales volume.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)**

   Not applicable as the Company supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user.

3. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company receives numerus customer awards for contribution to their business such as quality excellence, design development, best performance etc. which represents customer satisfactions. Awards are mentioned in details in "Awards and Recognition" of the annual report.

4. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   No court case has been filed against the Company regarding unfair trade practices or irresponsible advertising against the Company.

# BOARD'S REPORT

To the members,

Your Directors have the pleasure in presenting the **31st Annual Report** together with audited financial statements of the Company for financial year ended March 31, 2018. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## FINANCIAL RESULTS

The summarized financial results for year ended March 31, 2018 and for previous year ended March 31, 2017 are as follows:

₹ in Million

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Gross Revenue from operations | 76,673 | 70,021 | 565,213 | 431,570 |
| Net Revenue from operations | 74,561 | 62,867 | 562,933 | 423,755 |
| Other Income | 1,404 | 1,680 | 1,701 | 2,642 |
| **Profit before depreciation, interest and tax** | **14,723** | **13,829** | **52,927** | **44,310** |
| Less: Depreciation and amortisation expense | 2,183 | 1,977 | 15,752 | 10,591 |
| Less: Finance Costs | 433 | 124 | 4,108 | 3,749 |
| Less: Exceptional Expenses | - | - | 1,777 | 974 |
| Add: Share of profit / (loss) in associates | - | - | 1,381 | 1,831 |
| **Profit Before Tax** | **12,107** | **11,728** | **32,671** | **30,827** |
| Less: Provision for Tax | 3,316 | 3,455 | 10,072 | 9,103 |
| Less: Minority Interest | - | - | 6,629 | 6,181 |
| **Profit after tax** | **8,791** | **8,273** | **15,970** | **15,543** |
| Add: Balance brought forward | 23,467 | 15,238 | 48,310 | 32,661 |
| Profit available for appropriation | 32,258 | 23,511 | 64,280 | 48,204 |

## OPERATIONS AND PERFORMANCE

On consolidated basis for financial year 2017-18, your company achieved total revenue of ₹ 562,933 million resulting in a growth of about 33% over its revenue of ₹ 423,755 million of previous financial year ended March 31, 2017. The profit after tax for financial year ended March 31, 2018 at ₹ 15,970 million was higher by 3% from previous financial year ended March 31, 2017 at ₹ 15,543 million.

On standalone basis for financial year 2017-18, your company achieved total revenue of ₹ 74,561 million resulting in a growth of about 19% over its total revenue of ₹ 62,867 million of previous financial year ended March 31, 2017. The profit after tax for financial year ended March 31, 2018 at ₹ 8,791 million was higher by 6% from previous financial year ended March 31, 2017 at ₹ 8,273 million.

The Management Discussion and Analysis Report for year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is presented in a separate section forming part of the Annual Report.

The operational performance of the Company has been comprehensively covered in the Management Discussion and Analysis Report.

## BONUS SHARES

During the year, your Company has allotted 701,763,164 equity shares of face value of ₹ 1 (Rupee one) each on account of issue of Bonus Shares on July 8, 2017 in the ratio of one equity share against two equity shares held. This is eighth time the Company has rewarded its shareholders through a Bonus Issue.

After allotment of Bonus Shares, the paid-up capital of the Company increased to ₹ 2,105,289,491 divided into 2,105,289,491 equity shares of ₹ 1 (Rupee one) each.

## DIVIDEND

Your Directors are pleased to recommend for approval of the members a payment of dividend of ₹ 2.25 per share i.e. face value of ₹ 1 each on the Equity Share Capital of the Company for the financial year ended March 31, 2018 to the equity shareholders.

The dividend, if approved, by members would involve total cash outflow on account of dividend including dividend tax of ₹ 5,701 Million resulting in a payout of 65% of the standalone profits of the Company and 36% of the consolidated profits of the Company.

## CREDIT RATING

The Company continues to enjoy "Baa3" rating by Moody's Investors Service, ("Moody's") for its foreign currency and local currency issuer ratings to the Company.

CRISIL has assigned its Corporate Credit Rating of CRISIL AA/Positive for long term loans and short term rating of 'CRISIL A1+' for its commercial paper program of ₹ 1,500 million.

During the year ICRA continues long terms rating to [ICRA]AA and short term rating to [ICRA]A1+ for 19,476.10 million line of Credit (LOC).

The Company continues to enjoy "A1+" rating by ICRA for its commercial paper / short-term debt program of ₹ 1,500 million.

Further, Standard & Poors Global Ratings ("S&P") has continued its outlook on Samvardhana Motherson Automotive Systems Group B.V., Netherlands, (SMRP BV) a subsidiary of the Company to positive affirming 'BB+' long-term corporate credit rating on SMRP BV and Fitch Ratings ("Fitch") has continued to rate outstanding secured bonds of SMRP BV at BBB- SMRP BV.

The strong credit ratings by leading agencies reflect the Company's established market position in the automotive components industry, its well-diversified customer base across geographies and product segments and its healthy relationships with leading global original equipment manufacturers (OEMs).

## FIXED DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 and Ind AS 110 – Consolidated Financial Statements read with Ind AS 28 – Investments in Associates and Ind AS 31 – Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

The performance of the Company on consolidated basis is discussed at length in the Management Discussion and Analysis.

## ACQUISITIONS

**Purchase of remaining shares of PKC Group Plc. ("PKC")**

MSSL Estonia WH OU, a wholly-owned indirect subsidiary of the Company has gained title to outstanding minority shares in PKC and thereupon, shares of PKC are de-listed from the Nasdaq Helsinki Stock Exchange on October 6, 2017. Accordingly, PKC became a wholly-owned indirect subsidiary of the Company.

**Purchase of remaining shares of Motherson Orca Precision Technology GmbH from Orca Services GmbH**

The Company through its 100% subsidiary, MSSL GmbH acquired remaining 4.90% stake in Motherson Orca Precision Technology GmbH (name changed to Motherson Techno Precision GmbH) held by Orca Services GmbH, a joint venture partner. Now, Motherson Techno Precision GmbH has become wholly owned subsidiary of MSSL GmbH.

**Purchase of remaining shares of Global Environment Management (FZE) from E-Compost Pty. Ltd.**

The Company through its 100% subsidiary, MSSL Mauritius Holdings Limited acquired remaining 21.18% stake in Global Environment Management

(FZE) held by E-Compost Pty. Ltd., a joint venture partner. Accordingly, Global Environment Management (FZE) has become wholly owned subsidiary of MSSL Mauritius Holdings.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The details of changes in Company's subsidiaries, joint ventures or associate companies, during the year, are as following:

1. Companies which became subsidiaries (direct and indirect) during financial year 2017-18 are as follows:
   - Shangdong Huakai-PKC Wire Harness Co., Ltd., China;
   - Motherson Air Travel Private Limited, Ireland;
   - Shenyang SMP Automotive Plastic Components Co. Ltd., China; and
   - Tianjin SMP Automotive Component Company Limited, China.
2. Company which ceased to be subsidiaries during financial year 2017-18 is :
   - SMR Automotive Mirror Services UK Ltd. (Dissolved on October 28, 2017); and
3. Company which became joint venture (direct and indirect) during financial year 2017-18 is:
   - Hubei Zhengao PKC Automotive Wiring Company Limited.

In accordance with section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company including its subsidiaries, associate and joint venture companies form part of the Annual Report.

Further, a statement containing salient features of financial statement of the Company's subsidiaries, associate and joint venture companies is annexed in Form AOC-1, which forms a part of the Annual Report.

Details of subsidiaries of the Company and their performance are covered in the Management Discussion and Analysis Report forming part of this Report.

## EXPORTS FROM INDIA

The Company's exports during the year were ₹ 8,402 million as against ₹ 8,342 million in previous financial year. The Company continues to make its efforts towards achieving higher growth by providing cost competitive quality solutions to its customers. In addition, the Company has facilities globally, to provide service to customers as well as enhance customer relationships.

## DIRECTORS

As per provisions of the Companies Act 2013 and the Articles of Association of the Company, Mr. Laksh Vaaman Sehgal, Director of the Company, retire by rotation at the ensuing Annual General Meeting. Mr. Laksh Vaaman Sehgal being eligible seeks his re-appointment. The Board of Directors recommends his re-appointment to the members of the Company.

Mr. Toshimi Shirakawa has resigned as Director from the Board of the Company effective from May 23, 2018. M/s. Sumitomo Wiring Systems Limited, Japan (SWS), the Joint Venture Partner of your Company has nominated Mr. Shunichiro Nishimura as Director on the Board of your company to fill casual vacancy caused upon resignation of Mr. Toshimi Shirakawa on May 23, 2018. Your Directors recommend to the members of the appointment of Mr. Shunichiro Nishimura on the Board of the Company and who holds office till the date of ensuing Annual General Meeting in accordance with the provisions of the Company Act, 2013.

The Board places on record their sincere appreciation for services rendered by Mr. Toshimi Shirakawa during his tenure as Director on the Board of the Company.

Brief resume of Mr. Laksh Vaaman Sehgal and Mr. Shunichiro Nishimura, nature of their expertise in functional areas and the name of the companies in which they hold the Directorship and the Chairmanship/Membership of the Committees of the Board, as stipulated under Listing Regulations and Secretarial Standard on General Meeting (SS-2) are given as Annexure to the Notice convening the Annual General Meeting.

## STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

The Board of Directors has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 25 of the Listing Regulations.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Director and Committee. The details of remunerations and/or other benefits of the Independent Directors are mentioned in the Corporate Governance Report.

## KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Companies Act, 2013, during financial year under review, Mr. Pankaj Mital is the Whole-Time Director and Mr. G.N. Gauba is the Chief Financial Officer & Company Secretary as Key Managerial Personnel(s) of the Company.

## MATERIAL CHANGES BETWEEN END OF FINANCIAL YEAR AND DATE OF THIS REPORT

**Acquisition proposed by Samvardhana Motherson Automotive Systems Group B.V., a subsidiary of the Company**

The Company's step down subsidiary Samvardhana Motherson Automotive Systems Group B.V. (**"SMRP BV"**) had proposed the acquisition of Reydel Automotive Group (**"Reydel"**). Reydel is in the business of manufacturing interior components and modules for global automotive customers. The proposed acquisition will enable to capitalize on new opportunities in existing and new geographies, as well as, within each other's customer portfolios. The proposed acquisition by SMRP BV was announced by the Company on April 02, 2018 to the Stock Exchanges.

Subject to obtaining customary regulatory approvals, the transaction is expected to be closed within next four to six months from the announcement date.

**Change in Key Managerial Personnel(s) of the Company**

Upon recommendation of the Nomination and Remuneration Committee of the Company, the Board of Director in their meeting held on April 02, 2018 had re-designated Mr. G.N. Gauba from "Chief Financial Officer & Company Secretary" to "Chief Financial Officer" and appointed Mr. Alok Goel as the Company Secretary and Compliance Officer of the Company.

## NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met five (5) times during the financial year 2017-18, the details of same are given in the Corporate Governance Report forming part of this Annual Report.

The intervening gap between consecutive meetings was not more than one hundred and twenty (120) days as prescribed under the Companies Act, 2013 and Listing Regulations.

## AUDIT COMMITTEE

The Audit Committee of the Board comprising of Mr. S.C. Tripathi, IAS (Retd.) (Chairman), Mr. Arjun Puri, Mr. Gautam Mukherjee, Ms. Geeta Mathur as Independent Directors and Mr. Toshimi Shirakawa, Mr. Laksh Vaaman Sehgal as other Members. During the year all recommendations made by the Audit Committee were duly accepted by the Board.

Upon resignation of Mr. Toshimi Shirakawa and appointment of Mr. Shunichiro Nishimura on the Board of the Company, the Audit Committee was reconstituted and Mr. Shunichiro Nishimura became member of Audit Committee in place of Mr. Toshimi Shirakawa with effect from May 23, 2018.

## BOARD EVALUATION

The performance evaluation of the Board as stipulated under Listing Regulations and Section 134 of the Companies Act, 2013 read with Rule 8(4) of the Companies (Account) Rules, 2014, a formal Annual Evaluation process has been carried out for evaluating the performance of the Board, its Committees and the individual Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all directors on basis of criteria, such as, board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria, such as, composition of Committees, effectiveness of Committee meetings, etc.

The Board and the Nomination and Remuneration Committee defined the criteria, such as, contribution of the individual director to the Board and Committee meetings, preparedness on issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. and reviewed performance of individual Directors. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-independent Directors, performance of the Board as a whole and performance of the Chairman were evaluated, taking into account views of Executive Director and Non-executive Directors. The same was discussed in the Board meeting that followed meeting of the Independent Directors. Performance evaluation of Independent Directors was carried out by entire Board, excluding the respective Independent Director being evaluated.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In adherence to the provisions of Section 134(3)(e) and 178(1) & (3) of the Companies Act, 2013, the Board of Directors upon recommendation of the Nomination and Remuneration Committee approved a policy on Director's appointment and remuneration, including, criteria for determining qualifications, positive attributes, independence of a Director and other matters. The said Policy is covered in Corporate Governance Report which forms part of this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 and subject to disclosures in the Annual Accounts, your Directors' state as under :-

(a) That in preparation of annual accounts for financial year ended March 31, 2018, the applicable Accounting Standards have been followed and there are no material departures;

(b) That the Directors have selected appropriate Accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year March 31, 2018 and of profit of the Company for that period;

(c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) That the Directors have prepared annual accounts on a going concern basis;

(e) That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(f) That the Directors have devised proper system to ensured compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## AUDITORS AND AUDITORS' REPORT

**Statutory Auditors**

Pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/IE300005) were appointed as Statutory Auditors of the Company for five (5) years at the Annual General Meeting held on August 21, 2017 and to hold office till the conclusion of the 35th Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment at every Annual General Meeting, if so required under the Companies Act, 2013.

The members may note that the Companies (Amendment) Act, 2017, effective May 7, 2018, has omitted first proviso to Section 139(1) of the Companies Act, 2013 and thereupon the requirement of obtaining ratification of appointment for the Auditors at every Annual General Meeting stands omitted.

Further, the Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

Notes on the financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors Report annexed with this Annual Report, does not contain any qualification, reservation or adverse remarks.

**Cost Auditor**

The Board of Directors has appointed M/s. M.R. Vyas & Associates, Cost and Management Accountants as Cost Auditor for conducting audit of cost records of the Company for the financial year 2017-18.

**Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Directors appointed M/s. SGS Associates, Company Secretaries to undertake the Secretarial Audit for the financial year 2017-18.

The Secretarial Audit Report for financial year ended March 31, 2018 is annexed herewith which form part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## AWARDS & RECOGNITIONS

During the year, the Company had received various awards and recognitions, which have been described in 'Awards and Recognition' section, forming part of the Annual Report.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

Particulars of loans given, Investments made, guarantees given and securities provided along with purpose for which loan or guarantee or security is proposed to be utilized by recipient are provided in standalone financial statement. Please refer note numbers 6(a), 6(b) and 7 to the standalone financial statements.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered by the Company during financial year with related parties were on arm's length basis and were in ordinary course of business. During the year, the Company had not entered into any contract / arrangement/ transaction with related parties which could be considered material for which shareholders' approval is required in accordance with the policy of the Company on materiality of related party transactions. Thus, provisions of Section 188(1) of the Companies Act, 2013 are not applicable to the Company.

Pursuant to the provision of applicable Listing Regulations, all Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee has been obtained for transactions which are foreseen and repetitive in nature. The transactions entered into pursuant to omnibus approval are presented to the Audit Committee by way of a statement giving details of all related party transactions.

The Company has developed a Related Party Transactions Manual, Standard Operating Procedures for purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

Your Directors draw attention of the members to note number 38 to standalone financial statement which sets out related party disclosures.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 is given in **Annexure-A** to this Report.

## PARTICULARS OF EMPLOYES AND RELATED DISCLOSURES

Disclosure pertaining to remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure–B** to this Report.

The Statement containing the particulars of employees as required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) and other applicable Rules (if any) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Companies Act, 2013 the said annexure is open for inspection at the registered office of the Company during the working hours. Any member interested in obtaining a copy of the same may write to the Company.

## CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Regulations. A separate section on Corporate Governance, forming a part of this Report and requisite certificate from the Company's Auditors confirming compliance with conditions of Corporate Governance is attached to the report on Corporate Governance.

## BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report initiatives taken from an environmental, social and governance perspective, in prescribed format is available as a separate section of the Annual Report.

## DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the Listing Regulations, the Dividend Distribution Policy of your Company is disclosed in the Corporate Governance Report and is also uploaded at the Company's website.

## LISTING OF EQUITY SHARES

Equity shares of your Company are presently listed at National Stock Exchange of India Limited and BSE Limited. The listing fees for financial year 2018-19 have been paid to said Stock Exchanges.

The equity shares of the Company were listed/ traded at Delhi Stock Exchange Limited (DSE). DSE is derecognized by SEBI vide its order no. WTM/PS/45/MRD/DSA/NOV/2014 dated November 19, 2014.

## INTERNAL CONTROL

The Company has an Internal Control System commensurate with size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

Details about Internal controls and their adequacy are set out in the Management Discussion & Analysis Report which forms part of this Report.

## RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor risk management plan for the Company. The Committee is responsible for reviewing risk management plan and ensuring its effectiveness. The major risks identified by businesses and functions are systematically addressed through mitigating actions on a continual basis.

The development and implementation of risk management policy has been covered in the Management Discussion and Analysis which forms part of this Report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts having impact to the going concern status of the Company and its future operations.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the requirements of Section 135 of the Companies Act, 2013, your Company has a Corporate Social Responsibility ("CSR") Committee. CSR Committee comprises of Mr. V. C. Sehgal, Chairman, Mr. Arjun Puri, Independent Director and Mr. Laksh Vaaman Sehgal, Non-Executive Director.

The terms of reference of the CSR Committee is provided in the Corporate Governance Report. Your Company has also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at http://www.motherson.com/corporate-social-responsibility.html.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure–C** to this Report.

The Company is undertaking CSR activities through Swarn Lata Motherson Trust which has been established for the sole purpose of CSR activities. Further, the Company continue to carry out CSR activities as specified under Schedule VII to the Companies Act, 2013.

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a vigil mechanism, which incorporates a whistle blower policy in terms of the Companies Act, 2013 and Listing Regulations, for Directors and employees to report their genuine concerns. The objective of the Policy is to create a window for any person who observes an unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct or ethics policy (hereinafter "Unethical and Improper Practices"), either organizationally or individually to be able to raise it.

Thought Arbitrage Consultancy has been appointed by the Board of Directors as an independent external ombudsman under this Whistle-blower mechanism.

Protected disclosure can be made by a Whistle Blower through an email, or dedicated telephone line or a letter to the Thought Arbitrage Consultancy or to the Ethics Officer. All protected disclosure concerning financial / accounting matters and complaints pertaining to "C" level officers / KMP can be addressed to the Chairman of the Audit Committee for investigation. Other details of the policy on Whistle Blower as approved by the Board are uploaded on the Company's website.

## EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in Form MGT-9 is given in **Annexure–D** to this Report.

## HUMAN RESOURCES

The relations with the employees and associates continued to remain cordial throughout the year. The Directors of your Company wish to place on record their appreciation for the excellent team spirit and dedication displayed by the employees of the Company.

## DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. During financial year 2017–18, there was no case filed under the said Act and/or policy adopted by the Company.

## GREEN INITIATIVES

Electronic copy of the Annual Report 2017-18 and the Notice of the 31st Annual General Meeting are sent to all members whose e-mail addresses are registered with the Company / depository participant(s). For members who have not registered their e-mail addresses, physical copy are sent as per the permitted mode.

## ACKNOWLEDGEMENT

Your Board of Directors would like to place on record their sincere appreciation for the wholehearted support and contributions made by all the employees of the Company as well as customers, suppliers, bankers, investors and other authorities. Our consistent growth was made possible due to their hard work, solidarity, cooperation and support.

The Directors also thank the Government of various countries, Government of India, State Governments in India and concerned Government Departments/Agencies for their co-operation, support and look forward to their continued support in the future.

Last but not the least the Board of Directors wish to thank all the stakeholders of the Company and the collaborator Sumitomo Wiring Systems Limited, Japan for their continuous support.

For and on behalf of the Board
For Motherson Sumi Systems Limited

Place : Noida
Date : June 02, 2018

V. C. Sehgal
Chairman

## Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 and forming part of Directors' Report.

### A. Conservation of energy

a) Steps taken or impact on conservation of energy:

The Company has constantly been emphasizing an optimization of energy consumption in every possible area in its units. Various avenues are being explored at periodic interval and after careful analysis and planning measures are being initiated to minimize the consumption of energy by optimum utilization of energy consuming equipment's. During the year under review, following measures were initiated/ adopted for conservation and optimize utilization of energy at various plants & units of the Company:

- Non-conventional energy resources are tapped for minimizing energy usage. For this the Company has installed wind mill, light Pipe or solar tube in some plants and most of the plants are on solar lights in security Gate / area
- Wind mill power is connected in 7 units from a 3rd party resulting in saving of 7-8 % power of annual bill
- All new units are using LED lights with solar panels for security lighting and lights are being replaced in older units with LED
- Timer controls/ Motion sensors for lighting and Air conditioning in plant areas to save on power during rest / lunch time
- Close loop water cooling circuit for Diesel Generating sets instead of cooling towers for water & power conservation
- Energy efficient Fans introduced on the shop floors in addition to timer control to save on power
- Optimized Air cooling and air conditioned systems for the plant areas using VFD
- Energy efficient air compressor systems using VFD
- Installation of Air Booster in machines for Optimum Utilization of air compressor
- Water conservation measures to minimize water intake & consequent reduction in pumping extraction or direct water buying by installing level sensors in tanks and urinal sensors in toilets, Treated water is used in gardening and cleaning
- New plants are designed to use natural day light to reduce the electricity consumption for illumination during the day time
- Use of recyclable material, and avoid building materials which involves tremendous use of energy while processing
- Compounding mill has been shifted from Chiller to cooling tower to reduce the refrigerated cooling electrical load
- Creating awareness amongst associates on energy conservation through campaigns and events
- Servo driven pumping system retrofits to save the energy consumption of injection/ blow molding machine
- 300 Cnc Machines are upgraded to save on power by conveyer not operating at less than 500 mm wire length

b) steps taken by the Company for utilizing alternate source of energy:

- The Company is working on to install roof type solar plants of capacity 100 kw each in its manufacturing units in addition to solar operated security lights
- In all new locations solar plants feasibility will be studied in set up planning
- In process to explore the use of PNG in lieu of Diesel in Gen-sets

- In process of setting up water ponds in units to recoup water levels and internal usage

c) The capital investment on energy conservation equipments:

The Company is in continuous process for making efforts on energy conservations and such measures includes efforts at planning stage of expansion or modernization or replacement etc. (as the case may be). Accordingly, such expenses are considered in annual budgets and cost. In addition to above, considering size and extent of operations and turnover of the Company, any specific capital investment detail(s) in this respect, will be insignificant to segregate and separately report.

**B. Technology absorption**

The following efforts are being made in technology absorption:

**Research & Development (R&D)**

1. Specific areas in which R&D is carried out by the Company

    - Polymer division of the Company has completed formation of its Technology & Application Center (TAC). A dedicated center for developing and absorption of new technologies & Applications to carter potential customer requirements and business needs .The focus areas are:
        - Pressure sensitive Adhesive lamination technologies and allied applications.
        - Automotive interior decoration applications.
        - Tooling Technologies for high volume & low cost production.
        - Low energy consumption.
        - Use of bio friendly materials.
        - Lightweight raw materials.
        - New product design & development to enhance human safety.
    - Polymer division of the Company has absorbed IMD (In Mould Decoration) Application and a facility is being set up in India.
    - Polymer division of the Company has developed IMD-INS (In mould Decoration–Insert) technology. The Company has successfully developed design proto products for an OEM. This technology is being applied for upcoming new programs and a high technology facility is being set up using in-house Engineering expertise.
    - Polymer division of the Company has developed "Pressure Sensitive Adhesive Lamination" technology and has set up the facility with in-house Engineering expertise. This set up is now under production and catering to various high volume production program requirements.
    - Polymer division of the Company has applied new tooling technologies to reduce the cycle time, improving the product quality and cost by using conformal cooling, High thermal conductive mould materials.
    - A state of art door trim assembly line is developed with in house Engineering expertise. This line demonstrates high volume production, employing error proofing employing various pokayoke tools including pick to light, vision, blind audit & complete traceability system.
    - Auto Guided Vehicles (AGV's) are developed & manufactured in-house to meet the future challenges of automation in material handling.
    - Linear robots are developed & manufactured in-house for pick place of molded components & for US welding & flaming application.
    - Cost effective vision system developed in-house & deployed for mold protection & for quality error proofing application.
    - End of the line E testers with LIN communication & blind audit systems are developed for quality assurance checks of assembled door trims.

2. Benefits derived as a result of the above R&D

    Some of the products developed during year are already being tried in upcoming models of several car makers and they shall be in mass production later this year.

3. Future plan of action

Company will keep focusing on development of new parts required for EEDS in a car this brining out unique and cost effective solutions for the future developments.

4. Expenditure incurred on R&D
   a) Capital : INR 52 Million
   b) Revenue : INR 205 Million
   c) Total : INR 257 Million
   d) Total R&D expenditure is 0.34% of the turnover.

**Technology absorption, adaptation and innovation**

The Company has constantly been emphasizing on using the latest technologies for improving the productivity and quality of its services and products.

In line with global as well as regional (Indian) trends of alternate fuel power train (including electrification), connected car technologies, safety, environment and autonomous driving technology adoption in transportation applications, the Company has designed and developed important solutions for passenger cars, two wheelers, commercial vehicles, buses and off-high way applications.

These solutions include electrical and electronics distribution system (EEDS) for Electric vehicles (including critical components like power distribution boxes), innovative integration of connected car components with EEDS assemblies, specialized cables for safety and high temperature emission applications, specialized cables for multimedia applications. Along with these, company has come up with path breaking decentralized E/E architecture options and components to enable our customer to adopt required E/E elements to offer differentiating benefits to their respective users.

In order to enhance the injection molding technologies, the Company has been constantly innovating and adopting new technologies. In the recent past the Company has adopted standard methods for interfacing molds and machines all across molding plants, Cycle time reduction through innovative mold making and molding technologies.

The Company has designed and built the ultrasonic welding systems, hotplate welding systems, Assembly machines for door handles, tail gates etc., punching machines, clinching machines, belt conveyors, nut insertion machines, pokayoke systems with integration vision cameras' etc.

The Company has also adopted and implemented the technology viz. Cryogenic pumping system to replace energy guzzling & high maintenance multistage high pressure compressors; Compressed air cooing system for internal cooling of blow moulded part to reduce the cycle time; Servo driven pumping system retrofits to save the energy consumption of injection/ blow moulding machine; Injection moulding machine control retrofits to give a new lease of life / upgrading ageing moulding machine to bring in reliability; Robot control retrofits to give a new lease of life / upgrading ageing robots to bring in reliability & get them in par with latest control technology employed in world best robotic manufactures.

With changing requirements in wiring harness manufacturing, the Company has acquired new machines and processes as per the product requirements.

1. Efforts made towards technology absorption:

   The Company kept a close association with collaborator for acquiring new technologies in the field of product and processes to cater to the needs of Indian automotive manufacturers.

   The Company established process for Metal to rubber product manufacturing.

   The Company established process for extrusion of hoses.

   The Company established an automatic deflash process through cryogenic process.

2. Benefits derived like product improvement, cost reduction, product development or import substitution:

   - The Company made significant progress in meeting demands of latest technological needs of Indian car makers by providing them reliable technology, which gave Company an edge in the competitive market.

   - The Company reduced the product cycle time due to which we increased the machine efficiency by 2%.

- The Company stared to dispatch the materials by using BINS instead of carton box.
- The Company introduced SMED concept for mould loading.
- Rejection has been decreased by 1% through quality circle.

3. Imported Technology :

   The Company has implemented latest processes and techniques in its manufacturing and design facilities.

**C. Foreign exchange earnings and outgo during the year**

1. The activities relating to export, incentives to increase exports and developments of new export markets are discussed below :

   The Company has continued to maintain focus and avail of export opportunities based on economic consideration. During the year, the Company has exports (FOB value) worth ₹ 8,295 million.

2. Total foreign exchange earned and outgo

(₹ in Million)

| | |
|---|---|
| a. Total Foreign exchange earned in terms of actual inflows | 8,834 |
| b. Total Foreign exchange outgo in terms of actual outflows | 28,913 |

The detailed information on foreign exchange earnings and outgo is also furnished in the notes to the accounts.

## Particulars of Employees and other related disclosures

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

| Non- executive Directors | Ratio to median remuneration * |
|---|---|
| Mr. Vivek Chaand Sehgal | -- |
| Mr. Sushil Chandra Tripathi, IAS (Retd.) | -- |
| Mr. Toshimi Shirakawa | -- |
| Mr. Arjun Puri | -- |
| Mr. Gautam Mukherjee | -- |
| Ms. Geeta Mathur | -- |
| Mr. Naveen Ganzu | -- |
| Ms. Noriyo Nakamura | -- |
| Mr. Laksh Vaaman Sehgal | -- |

* Non- Executive Directors other than Independent Directors do not receive any remuneration, sitting fees, or commission from the company. Sitting fees and commission are paid to the Independent Directors only.

| Executive Director | Ratio to median remuneration |
|---|---|
| Mr. Pankaj Mital | 92.5 |

b) The percentage increase in remuneration of each Director, Chief Financial Officer & Company Secretary in the financial year:

| Directors, Chief Financial Officer & Company Secretary | % increase in remuneration in the financial year |
|---|---|
| Mr. Pankaj Mital, Whole-time Director | 20.41% |
| Mr. G.N. Gauba, CFO & Company Secretary | 15.43% |

c) The percentage increase in the median remuneration of employees in the financial year: 12.62%

d) The number of employees on the rolls of Company: 32,828

e) The explanation on the relationship between average increase in remuneration and company performance:

The Company based on the annual appraisal of the performance of the individual and the Company decides annual increment for all the employees including Key Managerial Personnel (KMP).

f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

| | |
|---|---|
| Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2017-18 (₹ in million) | 42.52 |
| Revenue (₹ in million) | 76,673 |
| Remuneration of KMPs (as % of revenue) | 0.055% |
| Profit before Tax (PBT) (₹ in million) | 12,107 |
| Remuneration of KMP (as % of PBT) | 0.35% |

g) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

| | Mr. Pankaj Mital | Mr. G.N. Gauba |
|---|---|---|
| Remuneration in FY 2017-18 (₹ in million) | 23.17 | 19.35 |
| Revenue (₹ in million) | 76,673 | 76,673 |
| Remuneration as % of revenue | 0.03% | 0.025% |
| Profit before Tax (PBT) (₹ in million) | 12,107 | 12,107 |
| Remuneration (as % of PBT) | 0.19% | 0.16% |

h) Affirmation that the remuneration is as per the remuneration policy of the company:
The Company affirms remuneration is as per the remuneration policy of the Company.

**Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2017-18**

| Sl. No. | | Remarks |
|---|---|---|
| 1. | Average net profit of the Company for last three financial years | ₹ 8,874 Million |
| 2. | Prescribed CSR Expenditure (two percent of the amount as in Sl. No. 1 above) | ₹ 177.49 Million |
| 3. | Details of CSR spent during the financial year: | |
| | a) Total amount to be spent for the financial year<br>b) Amount unspent, if any<br>c) Manner in which the amount spent during the financial year | ₹ 177.49 Million<br>₹ 169.01 Million<br>details given below |
| 4. | In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report | The Company has been working on identifying the projects for carrying out CSR activities, this has taken more time than estimated. The Company is now working on various projects mainly for Skill Development, Digital Learning Program and sustainable development program in villages with cattle care distribution & collection, product development etc. The expenditure on these projects shall be accounted for as and when incurred.<br>The Company is also proposing CSR activities through Swarm Lata Motherson Trust which has been established for CSR activities at group level. |
| 5. | A responsibility statement of the CSR Committee | The implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and Policy of the Company. |

**Manner in which the amount spent during the financial year**

| Sl. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount Outlay (budget) project or programs wise | Amount spent on the projects or programs Subheads: (1) Direct expenditure on project or programs. (2) Overheads | Cumulative Expenditure up to the reporting period | Amount spent : direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1. | Nanhi Kali | Clause (ii) of Schedule VII of the Companies Act, 2013:- Promoting Education | Maharashtra | 0.36 million | 0.36 million | 0.36 million | implementing agency - K.C. Mahindra Education Trust |

| Sl. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount Outlay (budget) project or programs wise | Amount spent on the projects or programs Subheads: (1) Direct expenditure on project or programs. (2) Overheads | Cumulative Expenditure up to the reporting period | Amount spent : direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 2. | Delhi Police Martyrs Funds | Clause (vi) of Schedule VII of the Companies Act, 2013:- benefit of armed forces | Delhi | 0.35 million | 0.35 million | 0.35 million | Direct |
| 3. | People for animals | Clause (iv) of Schedule VII of the Companies Act, 2013:- animal welfare | Delhi | 0.12 million | 0.12 million | 0.12 million | Direct |
| 4. | For Aerobin | Clause (i) of Schedule VII of the Companies Act, 2013:- sanitation | Delhi | 0.15 million | 0.15 million | 0.15 million | implementing agency - Swarn Lata Motherson Trust |
| 5. | The Earth Saviours Foundation - A registered NGO | Clause (iii) of Schedule VII of the Companies Act, 2013:- activities of Orphanage, Gurukul, Nari Niketan, old Age Home and Gaushala | Delhi | 2.39 million | 2.39 million | 2.39 million | implementing agency - Swarn Lata Motherson Trust |
| 6. | Bharat ke veer fund | Clause (vi) of Schedule VII of the Companies Act, 2013:- benefit of armed forces | Delhi | 5.10 million | 5.10 million | 5.10 million | implementing agency - Swarn Lata Motherson Trust |

**V. C. Sehgal**
Chairman (CSR Committee)

**Pankaj Mital**
Whole-time Director

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31st March, 2018

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

## I. REGISTRATION AND OTHER DETAILS

| Particulars | Details |
|---|---|
| CIN | L34300MH1986PLC284510 |
| Registration Date | 19-12-1986 |
| Name of the Company | Motherson Sumi Systems Limited |
| Category / Sub-Category of the Company | Public Company / Limited by shares |
| Address of the Registered office and contact details | Unit 705, C Wing, ONE BKC,<br>G Block, Bandra Kurla Complex,<br>Bandra East, Mumbai – 400051<br>Phone No. : 022-61354800 |
| Whether listed company | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Pvt. Ltd.<br>Karvy Selenium Tower B<br>Plot number 31 & 32, Financial District<br>Nanakramguda, Serilingampally Mandal, Hyderabad – 500032<br>Phone No. : 040 -67162222 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities contributing 10% or more of total turnover of the Company shall be stated:-

| Name and Description of main products / services | NIC Code of the product/ service | % to total turnover of the company |
|---|---|---|
| Wiring Harness and components | 29304 | 71.5% |
| Polymer products | 29302 | 27.1% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | MSSL Mauritius Holdings Limited<br>C/O Abax Corporate Services Ltd.,<br>6th Floor, Tower A, 1 Cyber City,<br>Ebene, Mauritius | N.A. | Subsidiary | 100% | 2(87)(ii) |
| 2. | Motherson Electrical Wires Lanka Pvt. Ltd.<br>32km Stone, High level Road,<br>Pinnalanda Estate, Watareka,<br>Padukka, Sri Lanka | N.A. | Subsidiary | 100% | 2(87)(ii) |
| 3. | MSSL Mideast (FZE)<br>H-3, 1-3, PO Box – 8510,<br>SAIF Zone, Sharjah, UAE | N.A. | Subsidiary | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 4. | MSSL (S) Pte Ltd.<br>178 Paya Lebar Road # 04-08/09,<br>Singapore - 409030 | N.A. | Subsidiary | 100% | 2(87)(ii) |
| 5. | MSSL Automobile Component Ltd.<br>Unit 705, C Wing, ONE BKC,<br>G Block, Bandra Kurla Complex,<br>Bandra East, Mumbai – 400051 | U31501MH2011PLC286826 | Subsidiary | 100% | 2(87)(ii) |
| 6. | Motherson Polymers Compounding Solutions Ltd.<br>2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate,<br>Mathura Road, New Delhi -110044 | U24297DL2013PLC249021 | Subsidiary | 100% | 2(87)(ii) |
| 7. | Samvardhana Motherson Polymers Ltd. (SMPL)<br>Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex,<br>Bandra East, Mumbai – 400051 | U29292MH2011PLC286829 | Subsidiary | 51% | 2(87)(ii) |
| 8. | MSSL (GB) Limited<br>Albany Road, Gateshead<br>Tyne & Wear, NE8 3AT,<br>United Kingdom | N.A. | Subsidiary | 100% | 2(87)(ii) |
| 9. | Motherson Wiring System (FZE)<br>H-3, 4-6, PO Box – 120536,<br>SAIF Zone, Sharjah, UAE | N.A. | Subsidiary through MSSL Mideast (FZE) | 100% | 2(87)(ii) |
| 10. | MSSL GmbH<br>Am Germanenring 3<br>63486 Bruchköbel, Germany | N.A. | Subsidiary through MSSL Mideast (FZE) | 100% | 2(87)(ii) |
| 11. | MSSL Tooling (FZE)<br>B-3, 21, PO Box – 8763,<br>SAIF Zone, Sharjah, UAE | N.A. | Subsidiary through MSSL Mideast (FZE) | 100% | 2(87)(ii) |
| 12. | Samvardhana Motherson Invest Deutschland GmbH<br>Am Germanenring 3<br>63486 Bruchköbel, Germany | N.A. | Subsidiary through MSSL GmbH | 100% | 2(87)(ii) |
| 13. | MSSL Advanced Polymers s.r.o.<br>Dašická 287 533 75 Dolní Ředice,<br>Czech Republic | N.A. | Subsidiary through MSSL GmbH | 100% | 2(87)(ii) |
| 14. | Motherson Techno Precision GmbH<br>(formerly Motherson Orca Precision Technology GmbH)<br>Carl-Zeiss-Strasse 1<br>78073 Bad Duerrheim<br>Germany | N.A. | Subsidiary through MSSL GmbH | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 15. | MSSL s.r.l. Unipersonale<br>Via Liguria 19 Cap 56025<br>Potedera (PI) | N.A. | Subsidiary through MSSL (GB) Limited | 100% | 2(87)(ii) |
| 16. | Samvardhana Motherson Polymers Management Germany GmbH<br>Am Germanenring 3<br>63486 Bruchköbel, Germany | N.A. | Subsidiary through MSSL GmbH | 100% | 2(87)(ii) |
| 17. | Motherson Techno Precision Mexico S.A. De C.V.<br>Av. Detroit #201,<br>Parque Industrial Desarrollo Logistik II<br>79526 Villa de Reyes<br>San Luis Potosi<br>México | N.A. | Subsidiary through Motherson Techno Precision GmbH | 100% | 2(87)(ii) |
| 18. | MSSL Australia Pty Ltd.<br>U-4, 18-22 Lexia Place,<br>Mulgrave, Victoria,<br>Australia - 3170 | N.A. | Subsidiary through MSSL Mauritius Holdings Ltd. | 80% | 2(87)(ii) |
| 19. | MSSL Ireland Private Ltd.<br>Mayne Lower,<br>Old Dublin Road, Enniscorthy Co. Wexford, Ireland | N.A. | Subsidiary through MSSL (GB) Limited | 100% | 2(87)(ii) |
| 20. | Global Environment Management (FZE)<br>Executive Desk, Q1-05-138/A,<br>P.O. Box -9566, Sharjah (UAE) | N.A. | Subsidiary through MSSL Mauritius Holdings Ltd. | 100% | 2(87)(ii) |
| 21. | Global Environment Management Australia Pty Ltd.<br>U-4, 18-22 Lexia Place,<br>Mulgrave, Victoria,<br>Australia – 3170<br>(deregistered on April 20, 2018) | N.A. | Subsidiary through Global Environment Management (FZE) | 100% | 2(87)(ii) |
| 22. | Motherson Elastomers Pty. Ltd.<br>48-86 Powell Street, Bendigo,<br>Victoria, 3550, Australia | N.A. | Subsidiary through MSSL Australia Pty Ltd. | 100% | 2(87)(ii) |
| 23. | Motherson Investment Pty. Ltd.<br>U-4, 18-22 Lexia Place,<br>Mulgrave, Victoria,<br>Australia – 3170 | N.A. | Subsidiary through MSSL Australia Pty Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 24. | MSSL Global RSA Module Engineering Ltd.<br>7 Forbes Street, Midstream Estate, Ekurhuleni, Gauteng, 1692, South Africa | N.A. | Subsidiary through MSSL Mauritius Holdings Ltd. | 100% | 2(87)(ii) |
| 25. | MSSL Japan Limited<br>45 KT Building 4th Floor, 1-16-4 Marunouchi Naka-ku, Nagoya-shi, Japan | N.A. | Subsidiary through MSSL (S) Pte Ltd. | 100% | 2(87)(ii) |
| 26. | Vacuform 2000 (Pty) Ltd.<br>155 Van Eden Crescent, Rosslyn, Pretoria, South Africa | N.A. | Subsidiary through MSSL Mauritius Holdings Ltd. | 51% | 2(87)(ii) |
| 27. | MSSL México, S.A. De C.V.<br>AV Detroit 205, Parque Industrial Logistik II, Villa De Reyes, SLP, 79526, Mexico | N.A. | Subsidiary through MSSL (S) Pte. Ltd. | 100% | 2(87)(ii) |
| 28. | MSSL WH System (Thailand) Co., Ltd.<br>500/59 Moo 3 Hemaraj Eastern Seaboard Industrial Estate, Tambon Tasith, Amphur Pluakdaeng, Rayong 21140, Thailand | N.A. | Subsidiary through MSSL (S) Pte. Ltd. | 100% | 2(87)(ii) |
| 29. | MSSL Korea WH Limited<br>Num.412-4th floor, O-Chang Plaza, 821-4 Yangcheong-ri, Ochang-eup, Cheongwon-gun, Chungbuk, Korea | N.A. | Subsidiary through MSSL (S) Pte. Ltd. | 100% | 2(87)(ii) |
| 30. | MSSL Consolidated Inc.<br>8640, East Market Street, Howland Township, Warren, OH 44484 United States | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |
| 31. | MSSL Overseas Wiring System Ltd.<br>Albany Road, Gateshead Tyne & Wear, NE8 3AT, United Kingdom | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |
| 32. | MSSL Wiring System Inc.<br>8640 East Market Street, Howland Township, Warren, OH 44484, United States | N.A. | Subsidiary through MSSL Consolidated Inc. | 100% | 2(87)(ii) |
| 33. | Alphabet de Mexico, S.A. de C.V.<br>Ave. Washington No. 3701, Edificio 33, Parque Industrial Las Americas, Chihuahua, Chihuahua, Mexico 31220 | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 34. | Alphabet de Mexico de Monclova, S.A. de C.V.<br>Avenida Adolfo Lopez Mateos 2101, Esquina con Avenida Revolucion Mexicana, Monclova, Coahuila, Mexico 25700 | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |
| 35. | Alphabet de Saltillo, S.A. de C.V.<br>Prolongacion del Boulevard Isidro Lopez Zertuche, No. 1950, Ramos Arizpe, Coahuila, Mexico 25900 | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |
| 36. | MSSL Wirings Juarez, S.A. de C.V.<br>Ave. Antonio J. Bermúdez No. 770 Ote. Parque Industrial Antonio J. Bermúdez, Ciudad Juárez, Chihuahua México, CP 32470 | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |
| 37. | MSSL Manufacturing Hungary Kft<br>Szabadság utca 35, 9245 Mosonszolnok, Hungary | N.A. | Subsidiary through MSSL GmbH | 100% | 2(87)(ii) |
| 38. | Motherson Air Travel Pvt. Ltd.<br>Moyne Lower, Old Dublin Road Enniscorthy, Ireland | N.A. | Subsidiary through MSSL GmbH | 100% | 2(87)(ii) |
| 39. | MSSL Estonia WH OÜ<br>Pärnu mnt 15, Kesklinna district, Tallinn city, Harju county, 10141, Estonia | N.A. | Subsidiary through MSSL (GB) Ltd. | 100% | 2(87)(ii) |
| 40. | Samvardhana Motherson Global Holdings Limited<br>Themistokli Dervi 3, Julia House P.C. 10066 Nicosia (Cyprus) | N.A. | Subsidiary through MSSL Mauritius Holdings Ltd. | 51% | 2(87)(ii) |
| 41. | Samvardhana Motherson Automotive Systems Group B.V.<br>Hoogoorddreef 15<br>1101BA Amsterdam<br>Postbus 11063, 1001 GB Amsterdam | N.A. | Subsidiary through Samvardhana Motherson Global Holdings Limited (SMGHL) | - 69% held by SMGHL<br>- 31% held by SMPL | 2(87)(ii) |
| 42. | Samvardhana Motherson Reflectec Group Holdings Ltd.<br>44 Esplanade, St Helier, Jersey, JE4 9WG | N.A. | Subsidiary through Samvardhana Motherson Automotive Systems Group B.V. | 98.45% | 2(87)(ii) |
| 43. | SMR Automotive Technology Holding Cyprus Ltd.<br>Themistokli Dervi 3, Julia House P.C. 10066 Nicosia (Cyprus) | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 44. | SMR Automotive Mirror Parts and Holdings UK Ltd.<br>Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD, England | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |
| 45. | SMR Automotive Holding Hong Kong Ltd.<br>Level 28, Three Pacific Place<br>1 Queen's Road East,<br>Hong Kong | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |
| 46. | SMR Automotive Systems India Ltd.<br>2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate,<br>Mathura Road,<br>New Delhi -110044 | U74899DL1995PLC074884 | Subsidiary through SMR Automotive Technology Holding Cyprus Ltd.<br>(SMR Cyprus) | - 51% held by SMR Cyprus<br>- 49% held by the Company | 2(87)(ii) |
| 47. | SMR Automotive Systems France S.A.<br>154, avenue du Lys, CS 40260,<br>77198 Dammarie-Les-Lys<br>Cedex, France | N.A. | Subsidiary through SMR Automotive Technology Holding Cyprus Ltd. | 100% | 2(87)(ii) |
| 48. | SMR Automotive Mirror Technology Holding Hungary Kft<br>(SMR Hungary kft)<br>Szabadsag u. 35, PF 15, 9245<br>Mosonszolnok, Hungary | N.A. | Subsidiary through SMR Automotive Technology Holding Cyprus Ltd. | 100% | 2(87)(ii) |
| 49. | SMR Patents S.aR.L.<br>6, rue Eugene Ruppert L-2453,<br>Luxembourg | N.A. | Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd. | 100% | 2(87)(ii) |
| 50. | SMR Automotive Technology Valencia S.A.U.<br>Ctra. Valencia-Ademuz Km 30.5<br>46160 - Liria, Valencia, Spain | N.A. | Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd. | 100% | 2(87)(ii) |
| 51. | SMR Automotive Mirrors UK Ltd.<br>Castle Trading Estate, East Street,<br>Portchester, Hampshire,<br>PO16 9SD, England | N.A. | Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd. | 100% | 2(87)(ii) |
| 52. | SMR Automotive Mirror International USA Inc.<br>1855 Busha Highway, Marysville,<br>Michigan 48040, USA | N.A. | Subsidiary through SMR Mirrors UK Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 53. | SMR Automotive Systems USA Inc. 1855 Busha Highway, Marysville, Michigan 48040, USA | N.A. | Subsidiary through SMR Automotive Mirror International USA Inc. | 100% | 2(87)(ii) |
| 54. | SMR Automotive Beijing Co. Ltd. 2, Fuxilu, Beixiaoying, Shunyigu, Beijing City 101300, China | N.A. | Subsidiary through SMR Automotive Holding Hong Kong Ltd. | 100% | 2(87)(ii) |
| 55. | SMR Automotive Yancheng Co. Ltd. Yancheng Economic Development Zone, Yancheng 224007, Jiangsu, China | N.A. | Subsidiary through SMR Automotive Holding Hong Kong Ltd. | 100% | 2(87)(ii) |
| 56. | SMR Automotive Mirror Systems Holding Deutschland GmbH Hedelfinger Straße 60, 70327 Stuttgart, Germany | N.A. | Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd. | 100% | 2(87)(ii) |
| 57. | SMR Holding Australia Pty Ltd. 18, Sherriffs Road (corner of Aldershot Road), Lonsdale, South Australia 5160, Australia | N.A. | Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft | 100% | 2(87)(ii) |
| 58. | SMR Automotive Australia Pty. Ltd. 18, Sherriffs Road (corner of Aldershot Road), Lonsdale, South Australia 5160, Australia | N.A. | Subsidiary through SMR Holding Australia Pty Ltd. | 100% | 2(87)(ii) |
| 59. | SMR Automotive Mirror Technology Hungary Bt. Szabadsag u. 35, PF 15, 9245 Mosonszolnok, Hungary | N.A. | Subsidiary through SMR Automotive Technology Holding Cyprus Ltd. | - 99.40% held by SMR Cyprus - 0.60% held by SMR Hungary kft. | 2(87)(ii) |
| 60. | SMR Automotive Modules Korea Ltd. Ochang Science Industrial Complex (4-9 B/L), 1112-14 Namchon-ri, Oksan-myeon, Cheongwon-gun, Chungcheongbuk-do, South Korea Postal Code: 363-911 | N.A. | Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 61. | SMR Automotive Beteiligungen Deutschland GmbH<br>Hedelfinger Straße 60, 70327 Stuttgart, Germany | N.A. | Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH | 100% | 2(87)(ii) |
| 62. | SMR Hyosang Automotive Ltd.<br>192-6, Chunui-Dong, Wonmi-Ku, Bucheon City, Kyunggi-Do, South Korea | N.A. | Subsidiary through SMR Automotive Modules Korea Ltd. | 100% | 2(87)(ii) |
| 63. | SMR Automotive Mirrors Stuttgart GmbH<br>Hedelfinger Straße 60, 70327 Stuttgart, Germany | N.A. | Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH | 100% | 2(87)(ii) |
| 64. | SMR Automotive Systems Spain S.A.U. (SMR Spain)<br>Poligono Industrial Valdemuel, S/n E-50290 Epila/Zaragoza, Spain | N.A. | Subsidiary through SMR Automotive Mirrors Stuttgart GmbH | 100% | 2(87)(ii) |
| 65. | SMR Automotive Vision Systems Mexico S.A. de C.V.<br>Circuito Exportacion 133, Parque Industrial Tres Naciones 2° Etapa, Mex-78395 San Luis Potosi | N.A. | Subsidiary through SMR Automotive Mirrors Stuttgart GmbH (SMR Germany) | - 64.68% held by SMR Germany<br>- 35.32% held by SMR Spain | 2(87)(ii) |
| 66. | SMR Automotive Servicios Mexico S.A. de C.V.<br>Circuito Mexico No. 260, Mex-78395 San Luis Potosi | N.A. | Subsidiary through SMR Automotive Vision Systems Mexico S.A. de C.V. | 100% | 2(87)(ii) |
| 67. | SMR Grundbesitz GmbH & Co. KG<br>Hedelfinger Straße 60, 70327 Stuttgart, Germany | N.A. | Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH | 93.07% | 2(87)(ii) |
| 68. | SMR Automotive Brasil LTDA<br>Av Pacifico Moneda 3360, Sitio Vargeao, Bairro Capotuna Jaguaríuna, Sao Paulo, Brasil | N.A. | Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft | 100% | 2(87)(ii) |
| 69. | SMR Automotive Systems (Thailand) Ltd.<br>500/49 Moo3, Hemaraj Eastern Seaboard Industrial Estate, Tasith, A. Pluckdaeng, Rayong, 21140, Thailand | N.A. | Subsidiary through SMR Automotive Technology Holding Cyprus Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 70. | SMR Automotives Systems Macedonia Dooel Skopje<br>16, 8-mi Septemvri Blvd., Hyperium Business Centre, 2nd floor, 1000 Skopje –Karposh, Karposh | N.A. | Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft | 100% | 2(87)(ii) |
| 71. | SMR Automotive Operations Japan K.K.<br>45 KT building 4F, 1-16-4, Marunouchi, Naka-ku, Nagoya-City, Aichi, Japan | N.A. | Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft | 100% | 2(87)(ii) |
| 72. | SMR Automotive (Langfang) Co. LTD<br>#4 Bohai Road, Modern Industrial Park, Xianghe, Langfang, Hebei, China | N.A. | Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH | 100% | 2(87)(ii) |
| 73. | SMR Automotive Vision System Operations USA INC<br>1855 Busha Highway, Marysville, Michigan 48040, USA | N.A. | Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd. | 100% | 2(87)(ii) |
| 74. | SMR Mirror UK Limited<br>Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD, England | N.A. | Subsidiary through SMR Automotive Vision System Operations USA INC | 100% | 2(87)(ii) |
| 75. | Samvardhana Motherson Peguform GmbH<br>Am Germanenring 3<br>63486 Bruchköbel | N.A. | Subsidiary through Samvardhana Motherson Automotive Systems Group B.V. | 100% | 2(87)(ii) |
| 76. | SMP Automotive Interiors (Beijing) Co. Ltd.<br>Suite 105, Level 1, Block B, No. 14, Zhong He Road, Economic & Technology Development Zone, Beijing | N.A. | Subsidiary through Samvardhana Motherson Automotive Systems Group B.V. | 100% | 2(87)(ii) |
| 77. | SMP Deutschland GmbH<br>Schlossmattenstraße 18 79268 Bötzingen | N.A. | Subsidiary through Samvardhana Motherson Peguform GmbH (SMP) | - 94.80% held by SMP<br>- 5.20% held by SMGHL | 2(87)(ii) |
| 78. | SMP Logistik Service GmbH<br>Schloßmattenstraße 18<br>79268 Bötzingen | N.A. | Subsidiary through SMP Deutschland GmbH | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 79. | SMP Automotive Solutions Slovakia s.r.o.<br>Matúškovo 1586<br>92501Matúškovo, Slovakia | N.A. | Subsidiary through SMP Deutschland GmbH | 100% | 2(87)(ii) |
| 80. | Changchun Peguform Automotive Plastics Technology Co., Ltd.<br>No. 399 Xiang Fan Third Road, Economical & Technical Development Zone<br>130033 Changchun City, China | N.A. | Subsidiary through SMP Deutschland GmbH | 50% Plus 1 share | 2(87)(ii) |
| 81. | Foshan Peguform Automotive Plastics Technology Co., Ltd.<br>Foshan City, NanHai District, ShiShan Town, NanHai Software Technology Zone, Business-Start-Up-Centre Building A Room 109 Station 1004, Postcode: 528237 | N.A. | Subsidiary through Changchun Peguform Automotive Plastics Technology Co., Ltd. | 100% | 2(87)(ii) |
| 82. | SMP Automotive Technology Management Services (Changchun) Co. Ltd.<br>No. 399 Xiang Fan Third Road, Changchun Economic & Technological Zone, 130033 Changchun | N.A. | Subsidiary through SMP Deutschland GmbH | 100% | 2(87)(ii) |
| 83. | SMP Automotive Technology Iberica S.L.<br>Carretera B-142 Sentmenat, 18-20, 08213 Polinya (Barcelona), Spain | N.A. | Subsidiary through Samvardhana Motherson Automotive Systems Group B.V. | 100% | 2(87)(ii) |
| 84. | Samvardhana Motherson Peguform Barcelona S.L.U<br>Ctra. B-142 a Sentmenat, 18-20, 08213 Polinya (Barcelona), Spain | N.A. | Subsidiary through SMP Automotive Technology Iberica S.L. | 100% | 2(87)(ii) |
| 85. | SMP Automotive Technologies Teruel S. L.<br>Poligono Azalenguas s/n 44340 Fuentes Claras (Teruel) | N.A. | Subsidiary through SMP Automotive Technology Iberica S.L. | 100% | 2(87)(ii) |
| 86. | Samvardhana Motherson Peguform Automotive Technology Portugal S.A.<br>Parque Industrial Autoeuropa Quinta da Marquesa<br>CCI 102162950-678<br>Palmela, Portugal | N.A. | Subsidiary through SMP Automotive Technology Iberica S.L. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 87. | SMP Automotive Systems Mexico S.A. de C.V.<br>Av Tlaxcala 480<br>San Juan Cuautiancingo<br>72700 Cuautlancingo<br>Puebla, México | N.A. | Subsidiary through SMP Automotive Technology Iberica S.L. | 100% | 2(87)(ii) |
| 88. | SMP Automotive Produtos Automotivos do Brasil Ltda.<br>Rua Sebastião Souza Côrtes 1.130, Rua 1, Quadra C2, Campo Largo de Roseira<br>Sao Jose dos Pinhais<br>CEP 83090-600<br>Curitiba, Brazil | N.A. | Subsidiary through SMP Automotive Technology Iberica S.L. | 100% | 2(87)(ii) |
| 89. | SMP Automotive Exterior GmbH<br>Ludwig-Erhard-Str. 1,<br>84069 Schierling | N.A. | Subsidiary through Samvardhana Motherson Peguform GmbH | 100% | 2(87)(ii) |
| 90. | Samvardhana Motherson Innovative Autosystems B.V. & Co.KG<br>Am Germanenring 3<br>63486 Bruchköbel | N.A. | Subsidiary through Samvardhana Motherson Peguform GmbH | 100% | 2(87)(ii) |
| 91. | Samvardhana Motherson Innovative Autosystems Holding Company BV<br>Autopista, Hoogoorddreef 15<br>1101BA Amsterdam<br>Postbus 11063, 1001 GB Amsterdam | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |
| 92. | SM Real Estate GmbH<br>Am Germanenring 3<br>63486 Bruchköbel | N.A. | Subsidiary through SMP Automotive Exterior GmbH (SMP Exterior) | - 94.80% held by SMP Exterior<br>- 5.20 held by SMGHL | 2(87)(ii) |
| 93. | Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V.<br>Circuito Sur No. 10<br>Zona Industrial Chachapa C.P.-72990 Amozoc de Mota Puebla | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 94. | SMP Automotive Systems Alabama INC.<br>10799 Ed Stephens Rd.,<br>Cottondale, AL 35453 | N.A. | Subsidiary through SMR Automotive Mirror International USA Inc. | 100% | 2(87)(ii) |
| 95. | Motherson Innovations Company Limited<br>35 Great St. Helen's,<br>London EC3A 6AP | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |
| 96. | Motherson Innovations Deutschland GmbH<br>Hedelfinger Strasse 60<br>70327 Stuttgart, Germany | N.A. | Subsidiary through Motherson Innovations Company Limited | 100% | 2(87)(ii) |
| 97. | Samvardhana Motherson Global (FZE)<br>H3-05B, Post Box 513142, SAIF Zone, Sharjah | N.A. | Subsidiary through Samvardhana Motherson Reflectec Group Holdings Ltd. | 100% | 2(87)(ii) |
| 98. | SMR Automotive Industries RUS Limited Liability Company<br>Nevsky Plaza<br>55, let A, Nevsky Prospect,<br>St. Petersburg, 191025, Russia | N.A. | Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft. | 100% | 2(87)(ii) |
| 99. | Celulosa Fabril (Cefa) S.A.<br>P.I. Malpica (Santa Isabel) Calle E-Oeste, Parcela 5<br>50016 Zaragoza | N.A. | Subsidiary through SMP Automotive Technology Iberica S.L. | 50% | 2(87)(i) |
| 100. | Modulos Ribera Alta S.L.<br>Crta. De Logroño, km 27,5.<br>Figueruelas. Zaragoza | N.A. | Subsidiary through Celulosa Fabril (Cefa) S.A. | 100% | 2(87)(i) |
| 101. | Motherson Innovations Lights GmbH & Co KG<br>Theodor-Körner-Str. 14a<br>83301 Traunreut | N.A. | Subsidiary through Samvardhana Motherson Peguform GmbH | 100% | 2(87)(ii) |
| 102. | Motherson Innovations Lights Verwaltungs GmbH<br>Theodor-Körner-Str. 14a<br>83301 Traunreut | N.A. | Subsidiary through Motherson Innovations Lights GmbH & Co KG | 100% | 2(87)(ii) |
| 103. | PKC Group Oy<br>Bulevardi 7<br>FI-00120 Helsinki<br>Finland | N.A. | Subsidiary through MSSL Estonia WH OU | 100% | 2(87)(ii) |
| 104. | PKC Wiring Systems Oy<br>Vihikari 10<br>FI-90440 Kempele<br>Finland | N.A. | Subsidiary through PKC Group Oy | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 105. | PKC Netherlands Holding B.V.<br>Spoorhaven 88, 2651 AV Berkel en Rodenrijs, The Netherlands | N.A. | Subsidiary through PKC Group Oy | 100% | 2(87)(ii) |
| 106. | PKC Group Poland Holding Sp. z o.o.<br>Al. Jana Pawła II 22<br>00-133 Warszawa<br>Poland | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 107. | PKC Wiring Systems Llc<br>Šalinačka bb,<br>11300 Smederevo<br>Serbia | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 108. | PKC Group APAC Limited<br>Level 54<br>Hopewell Centre 183<br>Queen's Road East<br>Hong Kong | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 109. | PKC Group Canada Inc.<br>44 Chipman Hill, Suite 1000<br>Saint John, New Brunswick<br>E2L 4S6, Canada | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 110. | PKC Group USA Inc.<br>c/o AEES Inc.<br>36555 Corporate Drive Suite 300, Farmington Hills, MI 48331- USA | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 111. | PKC Group Mexico S.A. de C.V.<br>Prolongación Avenida Hidalgo 16, Parque Industrial San Carlos, Nogales, Sonora, CP 84094<br>Mexico | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 112. | Project Del Holding S.a.r.l. (Project Del)<br>33, rue du Puits Romain, L-8070 Bertrange<br>Grand-Duchy of Luxembourg | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 113. | PK Cables do Brasil Ltda<br>Rua Estrada da Graciosa<br>803 - Atuba<br>82840 - 360 - Curitiba<br>PR - Brasil | N.A. | Subsidiary through PKC Wiring Systems OY. S.a.r.l. (PKC Wring) | - 97.19% held by PKC Wring<br>- 2.81% held by Project Del | 2(87)(ii) |
| 114. | PKC Eesti AS<br>Lõõtsa 8<br>11415 Tallinn Estonia | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 115. | TKV Sarjat Oy (TKV)<br>Vihikari 10<br>FI-90440 Kempele<br>Finland | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 116. | PKC SEGU Systemelektrik GmbH<br>Am Eisberg 14<br>D-36456 Barchfeld<br>Germany | N.A. | Subsidiary through PKC Wiring Systems Oy | 100% | 2(87)(ii) |
| 117. | PK Cables Nederland B.V.<br>Spoorhaven 88 in Berkel en Rodenrijs, The Netherlands | N.A. | Subsidiary through PKC Netherlands Holding B.V. | 100% | 2(87)(ii) |
| 118. | Groclin Luxembourg S.à r.l.<br>Atrium Business Park, 33 rue du Puits Romain, L-8070 Bertrange, R.C.S. Luxembourg: B195512 | N.A. | Subsidiary through PKC Group Poland Holding Sp. z.o.o. | 100% | 2(87)(ii) |
| 119. | PKC Vehicle Technology (Suzhou) Co., Ltd.<br>Block 1, Unit 502-503<br>Ascendas Xin Su Industry Square I<br>NO.5 Xinghan Street<br>SIP Suzhou, Jiangsu Province<br>Postal code: 215021<br>P.R.China | N.A. | Subsidiary through PKC Group APAC Ltd. | 100% | 2(87)(ii) |
| 120. | AEES Inc.<br>36555 Corporate Drive Suite 300, Farmington Hills, MI 48331 USA | N.A. | Subsidiary through PKC Group USA Inc. | 100% | 2(87)(ii) |
| 121. | PKC Group Lithuania UAB<br>J. Janonio g. 4<br>LT-35101 Panevezys, Lithuania | N.A. | Subsidiary through PKC Eesti AS | 100% | 2(87)(ii) |
| 122. | PKC Group Poland Sp. z o.o.<br>ul. Radomska 86<br>27-200 Starachowice, Poland | N.A. | Subsidiary through PKC Eesti AS | 100% | 2(87)(ii) |
| 123. | OOO AEK<br>Shosse Gornjakov, 34<br>186930, Kostomuksha<br>Karelia, Russia | N.A. | Subsidiary Through PKC Eesti AS | - 98.06% held by PKC Eesti AS<br>- 1.94% held by TKV | 2(87)(ii) |
| 124. | Kabel Technik-Polska Sp. z o.o.<br>Pławieńska 5, 78-550 Czaplinek, Poland | N.A. | Subsidiary through Groclin Luxembourg S.a.r.l. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 125. | AEES Power Systems Limited Partnership<br>c/o AEES Inc.<br>36555 Corporate Drive Suite 300<br>Farmington Hills, MI 48331 USA | N.A. | Subsidiary through T.I.C.S. Corporation | 100% | 2(87)(ii) |
| 126. | T.I.C.S. Corporation<br>c/o AEES Inc.<br>36555 Corporate Drive Suite 300<br>Farmington Hills, MI 48331 USA | N.A. | Subsidiary through AEES Inc. | 100% | 2(87)(ii) |
| 127. | Fortitude Industries Inc.<br>7200 County Route 70A, Hornell, NY 14843, USA | N.A. | Subsidiary through AEES Inc. | 100% | 2(87)(ii) |
| 128. | AEES Manufactuera, S. De R.L de C.V.<br>Avenida Fesnel Num. 7650 Parque Industrial A.J. Bermudez,<br>Ciudad Juárez, Chihuahua,<br>Mexico., C.P. 32470 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |
| 129. | Cableodos del Norte II, S. de R.L de C.V.<br>Carretera a Matamoros Entronque con Mieleras SN<br>Parque Industrial las Américas<br>Torreón, Coahuila,<br>Mexico. C.P. 27278 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |
| 130. | Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V.<br>Carretera Miguel Aleman Km 14.5<br>E-3A Monterrey Business Park,<br>Apodaca, Nuevo León, Mexico, CP 66600 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |
| 131. | Arneses y Accesorios de México, S. de R.L de C.V.<br>Km. 5.823 Carretera Presa la Amistad SN, Col. Parque Industrial Amistad, Ciudad Acuña, Coahuila, Mexico. C.P. 26220 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |
| 132. | Asesoria Mexicana Empresarial, S. de R.L de C.V.<br>Carretera Miguel Alemán Km. 14.5<br>E-3A, Monterrey Business Park,<br>Apodaca, Nuevo León,<br>Mexico, CP 66600 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 133. | Arneses de Ciudad Juarez, S. de R.L de C.V. Avenida Fresnel #7650, Col. Parque Industrial A.J. Bermudez, Ciudad Juárez, Chihuahua, Mexico. C.P. 32470 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |
| 134. | PKC Group de Piedras Negras, S. de R.L. de C.V. Libramiento G. Manuel Pérez Treviño Col. Parque Industrial Amistad Piedras Negras, Coahuila, Mexico. C.P. 26080 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | 100% | 2(87)(ii) |
| 135. | PKC Group AEES Commercial S. de R.L de C.V Carretera Miguel Alemán Km. 14.5 E-3A, Monterrey Business Park, Apodaca, Nuevo Leon, Mexico, CP 66600 | N.A. | Subsidiary through Project Del Holding S.a.r.l. | - 99.97% held by project Del - 0.03% held by TKV | 2(87)(ii) |
| 136. | Jiangsu Huakai-PKC Wire Harness Co., Ltd. No.1 West Ring Road, Xinqiao, Danbei Town, Danyang City Jiangsu Province, China Post Code: 212322 | N.A. | Subsidiary through PKC Group APAC Limited | 50% | 2(87)(i) |
| 137. | PKC Vechicle Technology (Hefei) Co, Ltd. No. 62 Shixin Road, Economic Development Area, Hefei City, Anhui Province, China Post Code: 230000 | N.A. | Subsidiary through PKC Group APAC Limited | 50% | 2(87)(i) |
| 138. | Shangdong Huakai-PKC Wire Harness Co., Ltd. No 1368 Zhengtai Road, 2nd building, 4th floor, Fangzi Dustrict, Weifang City, Shandong Province, China | N.A. | Subsidiary through Jiangsu Huakai-PKC Wire Harness Co., Ltd | 100% | 2(87)(i) |
| 139. | Shenyang SMP Automotive Plastic Components Co. Ltd. No. 118, Jianshe Road, Dadong District, Shen Yang, Liaoning Province | N.A. | Subsidiary through Changchun Peguform Automotive Plastics Technology Co. Ltd. | 100% | 2(87)(ii) |

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate (as on March 31, 2018) | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 140. | Tianjin SMP Automotive Component Company Limited 9-2-508, Yijing Apartment, northeast of intersection between Central Avenue and East Fifth Avenue, Pilot Free Trade Zone (Airport Economic Zone), Tianjin | N.A. | Subsidiary through Changchun Peguform Automotive Plastics Technology Co. Ltd. | 100% | 2(87)(ii) |
| 141. | Saks Ancillaries Limited Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051 | U74899MH1985PLC285656 | Associate | 40.01% | 2(6) |
| 142. | Kyungshin Industrial Motherson Private Limited 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi -110044 | U55101DL1997PTC090104 | Joint Venture | 50% | 2(6) |
| 143. | Calsonic Kansei Motherson Auto Products Private Limited 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi -110044 | U34102DL2007PTC168779 | Joint Venture | 49% | 2(6) |
| 144. | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. Xizhou Industrial Estate, Xiangshan, Zhejiang Province, 315722, P.R. China | N.A. | Joint Venture | 50% | 2(6) |
| 145. | Chongqing SMR Huaxiang Automotive Products Ltd. N° 98 Lvchang Avenue of Xipong Town, Jiulongpo District, Chongqing, 401326 China | N.A. | Joint Venture | 50% | 2(6) |
| 146. | Eissmann SMP Automotive Interieur Slovakia s.r.o. Lesna 880/1, Holic 908 051 | N.A. | Joint Venture | 49% | 2(6) |
| 147. | Re-time Pty Limited Suite 6, 15 King William Road, Unley SA 5061, Australia | N.A. | Associate | 35% | 2(6) |
| 148. | Hubei Zhengao PKC Automotive Wiring Company Ltd No.9, Dongfeng Road, Maojian District, Shiyan City, Hubei Province, P.R. China | N.A. | Associate | 40% | 2(6) |

Note :- % of shares includes shares held through nominiee(s).

## IV. SHAREHOLDING PATTERN (equity share capital breakup as percentage of total equity)

i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 01.04.2017) | | | | No. of Shares held at the end of the year (As on 31.03.2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters: | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 7391213 | 0 | 7391213 | 0.53 | 11086818 | 0 | 11086818 | 0.53 | 0.00 |
| b) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt (s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corporate | 488549846 | 0 | 488549846 | 34.81 | 703833769 | 0 | 703833769 | 33.43 | (1.38) |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A) (1):- | **495941059** | **0** | **495941059** | **35.33** | **714920587** | **0** | **714920587** | **33.96** | **(1.37)** |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 32517957 | 0 | 32517957 | 2.32 | 48776935 | 0 | 48776935 | 2.32 | 0.00 |
| b) Other – Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporate | 357217897 | 0 | 357217897 | 25.45 | 535826844 | 0 | 535826844 | 25.45 | 0.00 |
| d) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A) (2):- | **389735854** | **0** | **389735854** | **27.77** | **584603779** | **0** | **584603779** | **27.77** | **0.00** |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | **885676913** | **0** | **885676913** | **63.10** | **1299524366** | **0** | **1299524366** | **61.73** | **(1.37)** |
| B. Public Shareholding: | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds/UTI | 92388373 | 0 | 92388373 | 6.58 | 177434310 | 0 | 177434310 | 8.43 | 1.85 |
| b) Alternate Investment Fund | 70000 | 0 | 70000 | 0.00 | 1820285 | 0.09 | 1820285 | 0.09 | 0.09 |
| c) Banks / FI | 2556242 | 20878 | 2577124 | 0.18 | 7702416 | 31317 | 7733733 | 0.37 | 0.19 |
| d) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) Insurance Companies | 0 | 0 | 0 | 0.00 | 11771194 | 0 | 11771194 | 0.57 | 0.57 |
| h) FIIs /FPIs | 278272161 | 0 | 278272161 | 19.83 | 395269167 | 0 | 395269167 | 18.78 | (1.05) |
| i) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| j) Others (Foreign Nationals) | 0 | 0 | 0 | 0.00 | 525 | 0 | 525 | 0.00 | 0.00 |
| Sub-total (B)(1):- | **373286780** | **20878** | **373307658** | **26.60** | **593997897** | **31317** | **594029214** | **28.22** | **1.62** |
| 2. Non- Institutions | | | | | | | | | |
| a) Bodies Corporation | | | | | | | | | |
| i) Indian | 45494686 | 200058 | 45694744 | 3.26 | 50881392 | 238584 | 51119976 | 2.43 | (0.83) |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 2 lakh | 55504491 | 7155259 | 62659750 | 4.46 | 90112526 | 9325530 | 99438056 | 4.72 | 0.26 |

| Category of Shareholders | | | | No. of Shares held at the beginning of the year (As on 01.04.2017) | | | | No. of Shares held at the end of the year (As on 31.03.2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| | | | ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 26715642 | 0 | 26715642 | 1.90 | 45778581 | 256285 | 46034866 | 2.19 | 0.29 |
| | | c) | NBFCs registered with RBI | 246748 | 0 | 246748 | 0.02 | 354458 | 0 | 354458 | 0.02 | 0.00 |
| | | d) | Others (specify) | | | | | | | | | |
| | | | i) Trust & Foundations | 2853814 | 49 | 2853863 | 0.20 | 6692301 | 73 | 6692374 | 0.32 | 0.12 |
| | | | ii) Clearing Member | 2731416 | 0 | 2731416 | 0.19 | 1212019 | 0 | 1212019 | 0.06 | (0.13) |
| | | | iii) Non Resident Indian | 3633902 | 5691 | 3639593 | 0.26 | 6567457 | 8536 | 6575993 | 0.31 | 0.05 |
| | | | iv) IEPF | 0 | 0 | 0 | 0.00 | 308169 | 0 | 308169 | 0.01 | 0.01 |
| | Sub-total (B)(2):- | | | **137180699** | **7361057** | **144541756** | **10.30** | **201906903** | **9829008** | **211735911** | **10.06** | **(0.24)** |
| | Shareholding (B)=(B)(1)+ (B)(2) | | | **510467479** | **7381935** | **517849414** | **36.90** | **795904800** | **9860325** | **805765125** | **38.27** | **(1.37)** |
| C. | Shares held by Custodian for GDRs & ADRs | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Grand Total (A+B+C)** | | | **1396144392** | **7381935** | **1403526327** | **100.00** | **2095429166** | **9860325** | **2105289491** | **100.00** | **0.00** |

(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year (As on 01.04.2017) | | | Shareholding at the end of the year (As on 31.03.2018) | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | %of Shares Pledged / encumbered to total shares | |
| 1 | Samvardhana Motherson International Ltd | 488549846 | 34.81 | 7.77 | 703833769 | 33.43 | 2.99 | (1.38) |
| 2 | Sumitomo Wiring Systems Ltd. | 352283241 | 25.10 | 0.00 | 528424861 | 25.10 | 0.00 | 0.00 |
| 3 | Vivek Chaand Sehgal | 32517957 | 2.32 | 0.00 | 48776935 | 2.32 | 0.00 | 0.00 |
| 4 | Geeta Soni | 3826813 | 0.27 | 0.00 | 5740219 | 0.27 | 0.00 | 0.00 |
| 5 | Neelu Mehra | 3497640 | 0.25 | 0.00 | 5246460 | 0.25 | 0.00 | 0.00 |
| 6 | Renu Sehgal | 66705 | 0.00 | 0.00 | 100057 | 0.00 | 0.00 | 0.00 |
| 7 | Laksh Vaaman Sehgal | 55 | 0.00 | 0.00 | 82 | 0.00 | 0.00 | 0.00 |
| 8 | H. K. Wiring Systems Limited | 3404601 | 0.24 | 0.00 | 5106901 | 0.24 | 0.00 | 0.00 |
| 9 | Radha Rani Holdings Pte Ltd. | 1530055 | 0.11 | 0.00 | 2295082 | 0.11 | 0.00 | 0.00 |
| | **Total** | **885676913** | **63.10** | **7.77** | **1299524366** | **61.73** | **2.99** | **(1.37)** |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| | Shareholding at the beginning of the year (As on 01.04.2017) | | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018 | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | 885676913 | 65.61 | 885676913 | 63.10 |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):<br>- Bonus shares<br>-Sale of shares in open market | <br><br>442838453<br>(28991000) | | <br><br>1328515366<br>1299524366 | <br><br><br>61.73 |
| At the end of the year | 1299524366 | 61.73 | | |

Note: -

1. The Company has allotted Bonus Shares to all the existing shareholders including promotes on July 8, 2017 in the ratio of 1:2 (i.e. one bonus share against two equity shares).
2. Samvardhana Motherson International Ltd. has sold 28991000 equity shares on December 21, 2017 in open market.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No | Name | Shareholding at the beginning of year 01-04-2017 | | Cumulative Shareholding at the end year 31-03-2018 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. | ICICI Prudential Value Fund –Series 3 | 33132785 | 2.36 | 59447342 | 2.82 |
| 2. | Europacific Growth Fund | 20220000 | 1.44 | 33395000 | 1.59 |
| 3. | Axis Mutual Fund Trustee Limited A/c Axis Mutual Fund | 20636607 | 1.47 | 31258376 | 1.48 |
| 4. | SBI Magnum Monthly Income Plan | 10584935 | 0.75 | 27794407 | 1.32 |
| 5. | Reetha Shetty | 13948292 | 0.98 | 20547437 | 0.98 |
| 6. | ICICI Prudential Life Insurance Company Ltd. | 17382719 | 1.24 | 20377111 | 0.97 |
| 7. | Hermes Investment Fund Plc | 6609062 | 0.47 | 13262441 | 0.63 |
| 8. | UTI-Unit Scheme for Charitable and Religious Trust | 7319249 | 0.52 | 12082139 | 0.57 |
| 9. | Reliance Capital Trustee Co. Ltd. | 5803119 | 0.41 | 11742377 | 0.56 |
| 10. | Abu Dhabi Investment Authority - Relval | 12424933 | 0.89 | 9303978 | 0.44 |

Note : The shares of the Company are traded on a daily basis. 99.53% of the shareholding is in dematerialized form and hence the date wise increase/decrease in the shareholding is not indicative. Shareholding is consolidated based on permanent account number (PAN) of the shareholder. Further, the Company has allotted Bonus Shares to all the existing shareholders on July 8, 2017 in the ratio of 1:2 (i.e. one bonus share against two equity shares).

(v) Shareholding of Directors and Key Managerial Personnel

| Sl. No | Name | Shareholding | | Date | Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018) | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1. | Mr. Vivek Chaand Sehgal | 32517957 | 2.32 | 01.04.2017 | | | 32517957 | 2.32 |
| | | | | 08.07.2017 | 16258978 | Bonus Shares | 48776935 | 2.32 |
| | | 48776935 | 2.32 | 31.03.2018 | | | 48776935 | 2.32 |
| 2. | Mr. Sushil Chandra Tripathi, IAS (Retd.) | 0 | 0.00 | | | | 0 | 0.00 |
| 3. | Mr. Toshimi Shirakawa | 0 | 0.00 | | | | 0 | 0.00 |
| 4. | Mr. Arjun Puri | 0 | 0.00 | 01.04.2017 | | | 0 | 0.00 |
| | | | | 20.12.2017 | 2500 | Purchase from open market | 2500 | 0.00 |
| | | 2500 | 0.00 | 31.03.2018 | | | 2500 | 0.00 |
| 5. | Mr. Gautam Mukherjee | 0 | 0.00 | | | | 0 | 0.00 |
| 6. | Ms. Geeta Mathur | 4500 | 0.00 | 01.04.2017 | | | 4500 | 0.00 |
| | | | | 08.07.2017 | 2250 | Bonus Shares | 6750 | 0.00 |
| | | 6750 | 0.00 | 31.03.2018 | | | 6750 | 0.00 |
| 7. | Mr. Naveen Ganzu | 94201 | 0.01 | 01.04.2017 | | | 94201 | 0.01 |
| | | | | 08.07.2017 | 47100 | Bonus Shares | 141301 | 0.01 |
| | | 141301 | 0.01 | 31.03.2018 | | | 141301 | 0.01 |
| 8. | Ms. Noriyo Nakamura | 0 | 0.00 | | | | 0 | 0.00 |
| 9. | Mr. Laksh Vaaman Sehgal | 55 | 0.00 | 01.04.2017 | | | 55 | 0.00 |
| | | | | 08.07.2017 | 27 | Bonus Shares | 82 | 0.00 |
| | | 82 | 0.00 | 31.03.2018 | | | 82 | 0.00 |
| 10. | Mr. Pankaj Mital | 41455 | 0.00 | 01.04.2017 | | | 41455 | 0.00 |
| | | | | 06.06.2017 | 2000 | Purchase from open market | 43455 | 0.00 |
| | | | | 08.07.2017 | 21727 | Bonus Shares | 65182 | 0.00 |
| | | 65182 | 0.00 | 31.03.2018 | | | 65182 | 0.00 |
| 11. | Mr. G.N. Gauba | 16200 | 0.00 | 01.04.2017 | | | 16200 | 0.00 |
| | | | | 08.07.2017 | 8100 | Bonus Shares | 24300 | 0.00 |
| | | 24300 | 0.00 | 31.03.2018 | | | 24300 | 0.00 |

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year (01.04.2017) | | | | |
| i) Principal Amount | 12,884 | 51 | 0 | 12,935 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 18 | 0 | 0 | 18 |
| Total (i+ ii+ iii) | 12,902 | 51 | 0 | 12,953 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 0 | 7 | 0 | 7 |
| • Reduction | (1,409) | 0 | 0 | (1,409) |
| Net Change | (1,409) | 7 | 0 | (1,402) |
| Indebtedness at the end of the financial year (31.03.2018) | | | | |
| i) Principal Amount | 11,489 | 58 | 0 | 11,547 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 4 | 0 | 0 | 4 |
| Total (i+ii+iii) | 11,493 | 58 | 0 | 11,551 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and /or Manager :

Mr. Pankaj Mital : Whole-time Director

| Sl. No. | Particulars of Remuneration | Amount (₹) |
|---|---|---|
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | <br>19,814,700<br>1,368,074<br>Nil |
| 2. | Stock Option | Nil |
| 3. | Sweat Equity | Nil |
| 4. | Commission<br>- as % of profit<br>- others, specify | Nil |
| 5. | Others, please specify:-<br>- Contribution to provident fund/ other funds | <br>1,992,160 |
| | **Total** | **23,174,934** |
| | Ceiling as per the Act | 608,689,081* |

*Being 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

B. Remuneration to other Directors:

| Particulars of Remuneration | Name of Independent Directors | | | | | Total Amount (₹) |
|---|---|---|---|---|---|---|
| | Mr. S.C. Tripathi, IAS (Retd.) | Mr. Arjun Puri | Mr. Gautam Mukherjee | Ms. Geeta Mathur | Mr. Naveen Ganzu | |
| Independent Directors<br>- Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify | 580,000<br>3,500,000<br>Nil | 580,000<br>3,500,000<br>Nil | 700,000<br>3,500,000<br>Nil | 650,000<br>3,500,000<br>Nil | 250,000<br>3,500,000<br>Nil | 2,760,000<br>17,500,000 |
| Total (1) | 4,080,000 | 4,080,000 | 4,200,000 | 4,150,000 | 3,750,000 | 20,260,000 |
| **Name** | **Mr. Vivek Chaand Sehgal** | **Mr. Toshimi Shirakawa** | **Ms. Noriyo Nakamura** | **Mr. Laksh Vaaman Sehgal** | | |
| Other Non-Executive Directors<br>• Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify | Nil | Nil | Nil | Nil | | |
| Total (2) | Nil | Nil | Nil | Nil | | Nil |
| Total (1+2) | | | | | | **20,260,000** |
| Ceiling as per the Act | | | | | | 121,737,816 |

C. Remuneration to other Key Managerial Personnel

Mr. G.N. Gauba - CFO & Company Secretary

| Sl. No. | Particulars of Remuneration | Total Amount (₹) |
|---|---|---|
| 1. | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 16,494,667<br>1,159,158<br>Nil |
| 2. | Stock Option | Nil |
| 3. | Sweat Equity | Nil |
| 4. | Commission<br>- as % of profit<br>- others, specify | Nil |
| 5. | Others, please specify<br>- Contribution to provident fund/ other funds | 1,691,200 |
| | Total | **19,345,025** |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences for the financial year ended March 31, 2018.

# Form No. MR-3

## SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
**Motherson Sumi Systems Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S.MOTHERSON SUMI SYSTEMS LIMITED** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The Following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992.

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period);**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable for the auditing period);** and

(h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period);**

**We have** also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India, with respect to Board and General Meetings.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

**We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, ontest-check basis, the Company has complied with the following laws applicable specifically to the Company:

(a) The Environment (Protection) Act, 1986

(b) The Water (Prevention and Control of Pollution) Act, 1974

(c) The Air (Prevention and Control of Pollution) Act, 1981

(d) The Rubber Act 1947 to the extent applicable and rules made there under; and

(e) The Explosives Act, 1884 to the extent applicable as the Company for diesel storage tank for few of its units.

**We further report that** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director(s). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be and the dissent notes if any have been duly recorded in the Minutes Book.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following major events having a major bearing on company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc;

1. The Company has issued bonus shares 701,763,164 Equity shares of Re. 1/- each, credited as fully paid up share to the holders of the existing equity shares of the company whose names appear in the Register of members, in the proportion on 1 equity share for every 2 equity shares held by them.

2. The Company through its subsidiary MSSL Estonia WH OU gained the title to outstanding minority shares in PKC Group Plc. making it wholly owned subsidiary of the Company. Consequent to delisting of shares the name of PKC Group Plc. has been changed to "PKC Group Oy".

3. MSSL GmbH, 100% subsidiary of the Company holds 95.10% stake in Motherson Orca Precision Technology GmbH and remaining 4.90%stake hold by Orca Services GmbH, a Joint Venture. MSSL GmbH acquired remaining 49,000 shares of Motherson Ocra Precision Technology GmbH from Ocra Services GmbH at the consideration of Euro 64000.

4. Motherson Innovations Company Limited, UK, a step down subsidiary through Samvardhana Motherson Automotive Systems Group B.V., Netherlands has announced to enter into the Joint Venture with Ossia Inc.

5. The Company has passed following resolutions through Postal Ballot during the year:

   (a) relating to creating of charge over the shares of MSSL (GB) Limited to be held by the Company to secure borrowings on May 19, 2017; and

   (b) issuance of 701,763,164 Bonus Shares to the shareholders of the Company in the ratio of one Equity Shares for every two shares held on June 26, 2017.

For SGS ASSOCIATES
Company Secretaries

D.P. Gupta
M. N. FCS 2411
C P No. 1509

Date: 2nd June 2018
Place: New Delhi

**Note:**
This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of the Report.

To
The Members
**Motherson Sumi Systems Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of the laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For SGS ASSOCIATES
Company Secretaries

D.P. Gupta
M. N. FCS 2411
C P No. 1509

Date: 2nd June 2018
Place: New Delhi

# REPORT ON CORPORATE GOVERNANCE

**Company's philosophy on Corporate Governance**

Effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Corporate Governance is based on the principles of integrity, transparency, accountability and commitment to values. Your Company views its Corporate Governance policies not only to comply with the statutory requirements in letter and spirit, but also to aim at implementing the best practices, keeping in view of overall interest of all its stakeholders.

Your Company takes Corporate Governance as a critical tool to enhance trust of its Customers, Employees, Investors, Government and the Community at large and achieve its goal of maximizing value for its stakeholders. The Company has adopted a Code of Conduct for its Directors, employees and officers as well as those of its subsidiaries.

Over the years, the Company has further strengthened its governance framework. This includes various procedures and practices which determine the way business is to be conducted and value generated. The Company has the distinction of consistently rewarding its shareholders over the past twenty five eventful years from its Initial Public Offering.

In terms of distributing wealth to the shareholders, apart from having a track record of uninterrupted dividend payout, the Company has also delivered consistent unmatched shareholder returns since its listing.

The Company is in compliance with the requirements stipulated Regulations 17 to 27 read with Schedule V and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations"), as applicable, with regard to Corporate Governance.

## BOARD OF DIRECTORS

As on March 31, 2018, the Company has ten (10) Directors, of which nine (9) are Non-executive Directors including five (5) Independent Directors. The Board has two (2) Women Directors, one being independent and other being nominee of the Sumitomo Wiring Systems Limited, the Joint Venture Partner of the Company. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

None of the Directors on the Board is a member of more than ten (10) committees or Chairman of more than five (5) committees across all the public companies as on March 31, 2018, for which confirmation has been obtained from the Directors. Chairmanships/Memberships of the Board Committees include Audit Committee and Stakeholders Relationship Committee.

The name and categories of Directors on the Board and number of Directorships in other public companies and Committee Chairmanships/Memberships held by them as on March 31, 2018 are given below:

| Name of the Director | Executive/Non- executive/ Independent | No. of Directorship in other public companies@ | Committee memberships in public companies@ | Committee Chairmanships in public companies@ |
|---|---|---|---|---|
| Mr. V. C. Sehgal* DIN 00291126 | Non-executive Chairman | 5 | Nil | Nil |
| Mr S.C. Tripathi, IAS (Retd.) DIN 00941922 | Independent Director | 7 | 7 | 2 |
| Mr. Toshimi Shirakawa $ DIN 00310164 | Non-executive Director | 1 | 1 | Nil |
| Mr. Arjun Puri DIN 00211590 | Independent Director | 5 | 6 | 1 |
| Mr. Gautam Mukherjee DIN 02590120 | Independent Director | 2 | 3 | 1 |
| Ms. Geeta Mathur DIN 02139552 | Independent Director | 9 | 10 | 3 |
| Mr. Naveen Ganzu DIN 00094595 | Independent Director | Nil | Nil | Nil |
| Mr. Laksh Vaaman Sehgal* DIN 00048584 | Non-executive Director | 8 | 2 | Nil |

| Name of the Director | Executive/Non- executive/ Independent | No. of Directorship in other public companies@ | Committee memberships in public companies@ | Committee Chairmanships in public companies@ |
|---|---|---|---|---|
| Ms. Noriyo Nakamura $<br>DIN 06809512 | Non-executive Director | Nil | 1 | Nil |
| Mr. Pankaj Mital<br>DIN 00194931 | Whole-time Director and Chief Operating Officer | 2 | 1 | Nil |

* Nominee Director(s) of Samvardhana Motherson International Limited (SAMIL).

$ Nominee Director(s) of Sumitomo Wiring Systems Limited (SWS).

@ Pursuant to Regulation 26 of SEBI Listing Regulations the companies mentioned herein are public limited companies, whether listed or not, and does not include other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013.

**Notes:**

1. Memberships / Chairmanships of Directors in the Committees of all Public Companies incorporated in India in which they are Directors.
2. Membership of the Directors in the Committees is including Chairmanship.
3. None of the other Director(s) are related to each other except Mr. V. C. Sehgal and Mr. Laksh Vaaman Sehgal. Mr. V. C. Sehgal is father of Mr. Laksh Vaaman Sehgal.
4. Mr. Toshimi Shirakawa has resigned from the Board effective from May 23, 2018 and thereupon Mr. Shunichiro Nishimura was appointed as Director in his place on May 23, 2018.
5. The Company has received declarations of independence as prescribed under Regulation 16(1)(b) of SEBI Listing Regulations read with Section 149(6) & (7) of the Companies Act, 2013 from the Independent Directors. All requisite declarations were placed before the Board. Also, the maximum tenure of Independent Directors is in compliance with the Companies Act, 2013.

## ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETINGS

The Board of Directors of the Company meets at least once a quarter to review the quarterly/ yearly results and other items on the agenda.

Five Board Meetings were held during the financial year 2017-18 and gap between two meetings did not exceed 120 (one hundred and twenty) days. The necessary quorum was present for all meetings. The said meetings were held on:

(1) May 19, 2017 (2) July 08, 2017 (3) August 10, 2017 (4) November 10, 2017 and (5) February 13, 2018.

The table for attendance record of meetings of Board of Directors is as below:

| S.No. | Name of the Director | No. of Board Meetings attended | Attendance at last Annual General Meeting |
|---|---|---|---|
| 1. | Mr. V. C. Sehgal | 5 | Yes |
| 2. | Mr. S.C. Tripathi IAS (Retd.) | 5 | Yes |
| 3. | Mr. Toshimi Shirakawa | 3 | Yes |
| 4. | Mr. Arjun Puri | 5 | Yes |
| 5. | Mr. Gautam Mukherjee | 5 | Yes |
| 6. | Ms. Geeta Mathur | 4 | Yes |
| 7. | Mr. Naveen Ganzu | 5 | Yes |
| 8. | Mr. Laksh Vaaman Sehgal | 5 | Yes |
| 9. | Ms. Noriyo Nakamura | 5 | Yes |
| 10. | Mr. Pankaj Mital | 5 | Yes |

Video conferencing facility was also used to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings.

The information regularly furnished to the Board of Directors amongst others include the following:

1. Quarterly results and performance of the Company.
2. Minutes of the meetings of the Board and all its Committees.
3. Minutes of Meetings of the Board of the subsidiaries.
4. Materially important litigations, show cause, demand, prosecution and penalty notices.
5. Annual Operating plans, budgets and updates.
6. Development on Human Resources of the Company.
7. Other information as mentioned in Schedule II Part A of the SEBI Listing Regulations.

**Details of equity shares of the Company held by the Directors as on March 31, 2018 are given below :**

(A) **Equity shares:**

| Name | Category | No. of equity shares (Face value of ₹ 1/- each) |
|---|---|---|
| Mr. V. C. Sehgal | Non-executive | 48,776,935 |
| Mr. Arjun Puri | Independent | 2,500 |
| Ms. Geeta Mathur | Independent | 6,750 |
| Mr. Naveen Ganzu | Independent | 141,301 |
| Mr. Laksh Vaaman Sehgal | Non-executive | 82 |
| Mr. Pankaj Mital | Executive | 65,182 |

(B) **Equity Convertible instruments :** Not applicable. The Company has no outstanding equity convertible instruments.

**Meeting of Independent Directors**

The Company's Independent Directors meet at least once a year, without presence of non-independent directors and management personnel, *inter alia*, to:

(a) review performance of non-independent directors and the Board as a whole;

(b) review performance of the Chairperson of the Company, taking into account views of executive directors and non-executive directors; and

(c) assess quality, quantity and timeliness of flow of information between company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During year under review, the Independent Directors met on March 06, 2018, without the presence of non-independent directors and management personnel, to discuss the aforesaid matters. All the Independent Directors were present at the Meeting.

Mr. S.C. Tripathi, IAS (Retd.), Lead Independent Director presided the said meeting of the Independent Directors.

**Performance Evaluation of Independent Directors**

The Board evaluates performance of Independent Directors and recommends commission payable to them based on their commitment towards attending meetings of the Board / Committees, contribution and attention to the affairs of the Company and their overall performance, apart from sitting fees paid for each Board and Committee Meetings attended by them.

The Board's Report of the Company for the financial year ended March 31, 2018 (annexed in the Annual Report) also contains details on performance criteria and Board evaluation.

**Familiarization Programme of Independent Directors**

The Independent Directors of the Company are eminent personalities having wide experience in the field of finance, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee Meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent Directors.

Further, during the year, the Company on March 07, 2018 has organized plant visit and a familiarization programme where in the Independent Directors visited Company's plants located at Sanand (Gujrat). All the Independent Directors except Mr. Naveen Ganzu visited the plants of the Company.

The details of the familiarization programme of the Independent Directors are available on the website of the Company at http://www.motherson.com/investor-overview.html.

**Code of Conduct**

The Company has stipulated Code of Conduct ("the Code:) for all the designated employees of the Company. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

A copy of the Code has been put on the Company's website www.motherson.com. The Code has been circulated to the Directors and Management Personnel and its compliance is affirmed by them annually.

The Members of the Board and Management personnel have affirmed compliance with the Code applicable to them during year ended on March 31, 2018. A declaration signed by the Whole-time Director and Chief Operating Officer is published in this Report.

## COMMITTEES OF BOARD

### Audit Committee

The Audit Committee of the Company has been constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations read with Section 177 of the Companies Act, 2013.

The Audit Committee of the Company comprises majority of the Independent Directors. The members of the Audit Committee met six (6) times during financial year 2017-18. The Audit Committee, *inter-alia*, reviewed related party transactions, Internal Audit Report, quarterly, half-yearly and annual financial statements before submission to the Board.

The dates on which meetings were held are as follows:

(1) May 18, 2017 (2) July 08, 2017 (3) August 09, 2017 (4) November 09, 2017 (5) February 12, 2018 and (6) March 24, 2018.

The maximum time gap between two consecutive meetings did not exceed 120 (one hundred and twenty) days. Also the necessary quorum was present for all the meetings.

The composition of the Committee and attendance of each member is as below:

| Name | Designation | Category | Committee meetings attended |
|---|---|---|---|
| Mr. S.C. Tripathi, IAS (Retd.) | Chairman | Independent | 6 |
| Mr. Toshimi Shirakawa * | Member | Non-executive (Nominee of SWS) | 4 |
| Mr. Arjun Puri | Member | Independent | 6 |
| Mr. Gautam Mukherjee | Member | Independent | 6 |
| Ms. Geeta Mathur | Member | Independent | 6 |
| Mr. Laksh Vaaman Sehgal | Member | Non-executive (Nominee of SAMIL) | 6 |

*Mr. Toshimi Shirakawa ceased to be member due to his resignation from the Board w.e.f. May 23, 2018. Thereupon, the Board has reconstituted the Audit Committee and appointed Mr. Shunichiro Nishimura as member of the Committee in place of Mr. Toshimi Shirakawa.

The terms of reference of the Audit Committee comprises the following:

(a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of section 134 of the Companies Act, 2013;

(b) Any changes in accounting policies and practices and reasons for such change;

(c) Major accounting entries involving estimates based on exercise of judgment by management;

(d) Analysis of the effects of alternative GAAP methods on the financial statements;

(e) Qualifications, if any, in the draft audit report;

(f) Significant adjustments made in the financial statements arising out of audit findings;

(g) Compliance with accounting standards and applicable legal requirements relating to financial statements;

(h) Disclosure of any related party transaction;

(i) Disclosure of contingent liabilities;

(j) The effect of regulatory and accounting initiatives as well as off-balance-sheet structures, on the financial statements;

(k) Company's earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies;

(l) The statement for uses/applications of funds by major category on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than as mentioned in the offer document / prospectus / notice. Such review shall be conducted till the full money raised through the issue has been fully spent; and

(m) Any other document required to be reviewed by the Committee (or a similar body) as per the Applicable Law on the Company.

The Audit Committee invites such executives, as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

The previous Annual General Meeting (AGM) of the Company was held on August 21, 2017 and the same was attended by Mr. S.C. Tripathi, IAS (Retd.), Chairman of the Audit Committee.

**Stakeholders Relationship Committee**

The Stakeholders Relationship Committee of the Company has been constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178(5) the Companies Act, 2013.

The Committee looks into shareholders' and investors' grievances. The following are the members of the Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. Gautam Mukherjee | Chairman | Independent |
| Ms. Noriyo Nakamura | Member | Non-executive |
| Mr. Pankaj Mital | Member | Executive |

During the financial year, two (2) meetings of the Committee were held, i.e., on May 19, 2017 and February 12, 2018. All the members attended aforesaid two (2) meetings of the Committee.

Mr. G.N. Gauba, CFO & Company Secretary was the Compliance Officer during the financial year 2017-18.

The Board of Directors of the Company, upon recommendation of the Nomination and Remuneration Committee, in their meeting held on April 02, 2018 has re-designated Mr. G.N. Gauba from "CFO & Company Secretary" to "Chief Financial Officer" and had appointed Mr. Alok Goel as Company Secretary of the Company and to act as Compliance Officer.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations read with Section 178 the Companies Act, 2013.

The following are the members of the Nomination and Remuneration Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. Gautam Mukherjee | Chairman | Independent |
| Ms. Geeta Mathur | Member | Independent |
| Mr. Laksh Vaaman Sehgal | Member | Non-executive |

During the financial year 2017-18, the Committee met three (3) times i.e., May 18, 2017, November 09, 2017 and March 24, 2018. All the members attended aforesaid three (3) meetings of the Committee.

The terms of reference of the Nomination and Remuneration Committee include:

(a) To identify persons who are qualified to become directors and who may be appointed in the senior management, recommend to the Board about their appointment and removal and carry out evaluation of every director's performance;

(b) Formulation of criteria for determining qualifications, positive attributes and independence of the Director and recommend to the Board a policy, relating to remuneration of the Directors, Key Managerial Personnel and other employees;

(c) Formulation of criteria for evaluation of Independent Directors and the Board;

(d) To evaluate and recommend terms of appointment of the Independent Director, on the basis of the report of performance a valuation of the Independent Director; and

(e) Devising a Policy on Board Diversity.

**Remuneration Policy**

The Company has adopted a comprehensive remuneration policy in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives and the performance of the individuals measured through the annual appraisal process.

**Corporate Social Responsibility Committee**

Corporate Social Responsibility (CSR) Committee of the Company is constituted in line with the provisions of Section 135 of the Companies Act, 2013.

The following are the members of the CSR Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. V. C. Sehgal | Chairman | Non-executive |
| Mr. Arjun Puri | Member | Independent |
| Mr. Laksh Vaaman Sehgal | Member | Non-executive |

During the financial year 2017-18, the meeting of the Committee was held on November 09, 2017. All the members attended the said meeting.

Terms of reference of the Committee :

(a) To formulate and recommend to the Board, a CSR Policy and activities to be undertaken by the Company as per Schedule VII of the Companies Act, 2013;

(b) To recommend amount of expenditure on CSR activities; and

(c) To monitor CSR Policy of the Company.

The Company has framed CSR Policy which is available at its website www.motherson.com.

**Risk Management Committee**

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations.

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing risk management plan and ensuring its effectiveness. Major risks identified by business and functions are systematically addressed through mitigating actions on a continuing basis.

The following are the members of the Risk Management Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. Laksh Vaaman Sehgal | Chairman | Non-executive |
| Ms. Geeta Mathur | Member | Independent |
| Ms. Noriyo Nakamura | Member | Non-executive |
| Mr. Pankaj Mital | Member | Executive |
| Mr. G.N. Gauba. | Member | Official |

During the financial year 2017-18, the meeting of the Committee was held on March 24, 2018. All the members attended the said meeting.

**Other Committees**

**(i) Committee of Directors (Administrative Matters)**

The Board of Directors has constituted a Committee of Directors for Administrative Matters to facilitate decision making required to perform various day-to-day operations of the Company. The Committee has been formed on September 10, 2012.

The following are the members of the Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. Laksh Vaaman Sehgal | Chairman | Non-executive |
| Ms. Noriyo Nakamura | Member | Non-executive |
| Mr. Pankaj Mital | Member | Executive |

The terms of reference of the Committee includes the following:

(a) To open bank accounts and to authorize Directors and/or Officers to operate said accounts;

(b) To authorise Directors and/or Officers to represent the Company before Government and other Authorities/Bodies;

(c) To appoint Occupier for the Factory(ies) of the Company;

(d) To authorise Officials of the Company to sign necessary statutory documents;

(e) To authorise Director and/or Officers of the Company to acquire land and sign and execute lease/sub-lease agreements;

(f) To authorise any Director and/or Officer of the Company to represent the Company at any meeting of shareholders or other stakeholders; and

(g) Any other items as may be decided by the Board.

The Committee met ten (10) times during the financial year 2017-18 and requisite quorum was present at each of the Committee meeting.

**(ii) Committee of Directors (Strategic Business Matters)**

The Company has a Committee of Directors for Strategic Business Matters which was constituted on January 31, 2014.

The following are the members of the Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. Laksh Vaaman Sehgal | Chairman | Non-executive |
| Mr. S.C. Tripathi, IAS (Retd.) | Member | Independent |
| Ms. Geeta Mathur | Member | Independent |
| Ms. Noriyo Nakamura | Member | Non-executive |
| Mr. Pankaj Mital | Member | Executive |

The Committee's role includes detailed review of following matters and make recommendation to the Board:

(a) Acquisition proposals, Divestment and Business re-organization proposals;

(b) Business & Strategy Review;

(c) Long-term financial projections and cash flow; and

(d) Any other items as may be delegated by the Board.

These matters were discussed in various Board Meetings held during year in the presence of the members of Committee of Directors (Strategic Business Matters) with the intent to avail expertise of all Board Members.

During the financial year 2017-18, the meeting of the Committee was held on March 24, 2018. All the members attended the said meeting.

**Remuneration of Directors**

The Company pays remuneration by way of salary, benefits, perquisites and allowance to its Whole-time Director. Annual increment is decided by the Board within the salary scale approved by the members and is effective from April 01, each year.

During the financial year 2017-18, the Company paid sitting fees to its Independent Directors for attending various meetings of the Board and Committees of the Board. The amount of sitting fee is ₹ 50,000 per meeting for a Board Meeting and Audit Committee Meeting and ₹ 30,000 for any other Committee Meeting. The members had, at the Annual General Meeting of the Company held on August 31, 2016, approved payment of commission to the Non-executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013. The said commission is decided each year by the Board of Directors and distributed amongst the Independent Directors for their contribution at the Board.

The details of remuneration for financial year ended March 31, 2018 for the Directors are as follows:

a. Independent Directors (Non-executive):

| Name of the Director | Commission (₹) | Sitting fee (₹) |
|---|---|---|
| Mr. S.C.Tripathi IAS (Retd.) | 35,00,000 | 5,80,000 |
| Mr. Arjun Puri | 35,00,000 | 5,80,000 |
| Mr. Gautam Mukherjee | 35,00,000 | 7,00,000 |
| Ms. Geeta Mathur | 35,00,000 | 6,50,000 |
| Mr. Naveen Ganzu | 35,00,000 | 2,50,000 |

b. Whole-time Director:

| Name of the Director | Salary | Amount (₹) |
|---|---|---|
| Mr. Pankaj Mital | Basic salary | 15,768,000 |
| | Bonus | 1,576,800 |
| | Benefits perquisites and allowances | 5,830,134 |
| | **Total** | **23,174,934** |

The period of service of Mr. Pankaj Mital as Whole-time Director as approved by the members is from April 1, 2017 to September 30, 2021 and can be terminated by either party giving three month notice in advance. Further, there is no severance fee payable or stock options issued to Mr. Pankaj Mital.

The Company does not have any stock option or equity link benefits for directors and/or employes.

**System for transfer of Shares**

(a) All shares have been transferred and returned within stipulated time, so long as the documents have been in order in all respects.

(b) The Share Transfer Committee meets normally once a fortnight.

(c) Total number of shares transferred in physical form during the financial year 2017-18 was 1,50,931 shares as compared to 23,695 shares during financial year 2016-17.

(d) 99.53% of the equity shares of the Company are in electronic form as on March 31, 2018. Transfers of these shares are done through the depositories with no involvement of the Company/Company's Registrar and Share Transfer Agent (RTA).

(e) As on March 31, 2018, there were no request(s) for equity shares transfer was pending.

To expedite share transfer process in physical segment, authority has been delegated to the Share Transfer Committee.

The following are the members of the Committee:

| Name | Designation | Category |
|---|---|---|
| Mr. Laksh Vaaman Sehgal | Chairman | Non-executive |
| Ms. Noriyo Nakamura | Member | Non-executive |
| Mr. Pankaj Mital | Member | Executive |

Share transfer/ transmissions approved by the Committee are placed at the quarterly Board Meeting.

Further, the Company obtains half-yearly certificate from a Company Secretary in Practice to the effect that all certificates have been issued within thirty (30) days of the date of lodgment of the transfer, sub division, consolidation and renewal as required under Regulation 40(9) of the SEBI Listing Regulations and files a copy of the said certificate with Stock Exchanges.

**Investor Relations**

For the financial year ended March 31, 2018, the Company had received 203 complaints relating to non-receipt of shares after transfer, non-receipt of dividend, bonus shares etc. All complaints received during financial year were cleared within the said financial year. The complaints are generally responded to within seven (7) days from date in which they are lodged with the Company / RTA. Further, there were no investor complaint pending as on March 31, 2018 for financial year 2017-18.

**Particulars of the past three AGMs**

| Annual General Meeting | Date | Time | Venue | Special Resolutions passed |
|---|---|---|---|---|
| 28th | July 28, 2015 | 11:00 A.M. | FICCI K.K. Birla Auditorium, New Delhi | Nil |
| 29th | August 31, 2016 | 11:00 A.M. | St. Andrew's Auditorium, St. Dominic Road, Bandra West, Mumbai | (a) Issuance of equity shares on preferential basis to Sumitomo Wiring Systems Ltd.<br>(b) Issuance of Foreign Currency Convertible Bonds to Sumitomo Wiring Systems Ltd.<br>(c) Issuance of equity shares through Qualified Institutional Placement<br>(d) Enhancement of the limit of holding of Foreign Institutional Investors / Foreign Portfolio Investors. |
| 30th | August 21, 2017 | 10:30 A.M. | Swatantryaveer Savarkar Rashtriya Smarak Auditorium, 252, Veer Savarkar Marg, Shivaji Park, Dadar (W), Mumbai - 400 028 | Nil |

**Special Resolution passed through Postal Ballot**

(i) During the financial year under review, the Company sought approval of the shareholders by way of special resolution through notice of postal ballot dated March 18, 2017 for creation of charge over shares of MSSL (GB) Ltd. to be held by the Company, to secure borrowings availed by the Company. The result of the same was announced on May 19, 2017. Mr. D.P. Gupta, Company Secretary in whole-time practice, acted as the scrutinizer for conducting postal ballot in a fair and transparent manner.

Details of voting pattern were as below:

| Total No. of shares/ votes | No. of votes Polled | % of Votes Polled on outstanding shares | No. of Votes in favour | No. of Votes against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|---|---|---|---|---|---|---|
| 1403526327 | 1193229441 | 85.02 | 1188431571 | 4797870 | 99.60 | 0.40 |

The process for the postal ballot was mentioned in the Notice of Postal Ballot dated March 18, 2017.

(ii) The Company sought approval of the shareholders by way of special resolution through notice of postal ballot dated May 19, 2017, for issuance of bonus shares in the ratio of one bonus share against the two equity shares to the existing shareholders. The result of which was announced on June 27, 2017. Mr. D. P. Gupta, Company Secretary in whole-time practice, acted as the scrutinizer for conducting the postal ballot in a fair and transparent manner.

Details of voting pattern were as below:

| Total No. of shares/ votes | No. of votes Polled | % of Votes Polled on outstanding shares | No. of Votes in favour | No. of Votes against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|---|---|---|---|---|---|---|
| 1403526327 | 1184026951 | 84.36 | 1184026595 | 356 | 100 | 0 |

The process for the postal ballot was mentioned in the Notice of Postal Ballot dated May 19, 2017.

(iii) None of the business proposed to be transacted in the ensuing AGM require passing of a special resolution by way of Postal Ballot.

(iv) In Compliance with Regulation 44 of SEBI Listing Regulations and Section 108 and other applicable provisions of the Companies Act 2013, read with the related Rules, the Company provides electronic voting facility to all its members to enable them to cast their votes electronically. The Company has engaged services of Karvy Computershare Pvt. Ltd. for providing e-voting facility to all its members.

**Means of Communication**

The quarterly, half-yearly and annual results of the Company were published in leading newspapers of India which include Economics Times and Nav Shakti, Mumbai. The results were also displayed on the Company's website www.motherson.com. Press Release made by the Company from time to time were also displayed on the Company's website.

Detailed presentations were made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results. These presentations were also uploaded on the Company's website and duly intimated to the Stock Exchanges where equity shares of the Company are listed.

The Company regularly interacts with the shareholders through multiple channels of communication such as publication of results, Annual Report, press releases, Analysts Call after the Board Meeting. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

The Company's website www.motherson.com contains a separate dedicated section 'Investor Section' where shareholders' information is available. The Company's Annual Report is also available in downloadable form.

<u>NSE Electronic Application Processing Systems (NEAPS):</u> NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding patterns, corporate governance report, media release, statement of investor complaints, announcements, among others are filed electronically on NEAPS.

<u>BSE Corporate Compliance & Listing Centre (the Listing Centre) :</u> BSE's Listing Centre is a web-based application designed by BSE for corporates. All periodical compliance filings like shareholding patterns, corporate governance report, media release, statement of investor complaints, announcements, among others are filed electronically on the Listing Centre.

**Management Discussion and Analysis**

Management Discussion and Analysis is covered separately as a part of the Annual Report.

**Dividend Distribution Policy**

The Board of Directors in its meeting held on February 13, 2018 has adopted Dividend Distribution Policy as per Regulation 43A of SEBI Listing Regulation. As, *inter-alia*, stated in the Dividend Distribution Policy, the Company has a consistent dividend policy for "distribution of upto 40% of consolidated profit as dividend and the Board may decide higher dividend in special and exceptional circumstances". Dividend Distribution Policy is appended as Annexure-1 to the Corporate Governance Report and have also been uploaded on the Company's website:- http://www.motherson.com/assets/corporategovernance/Dividend_Distribution_ Policy.pdf.

**Other Disclosures**

(a) No transactions of material nature requiring shareholders' approval have been entered into by the Company with the Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company.

(b) All transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website (http://www.motherson.com/investor-overview.html).

(c) Transactions with the related parties are disclosed in Note No. 38 in the standalone financial statements.

(d) No penalties or strictures were imposed by SEBI or the Stock Exchange or any statutory authority, on any matter related to capital markets, during the last three (3) years.

(e) The Company has also adopted Policy on Determination of Materiality for Disclosures Policy on Archival of Documents and Policy for Preservation of Documents, which have been uploaded on the Company's website: http://www.motherson.com/investor-overview.html.

(f) Over years, the Company has expended significantly its business organically and inorganically. Mr. V. C. Sehgal, Chairman and Promoter of the Company spent extensive time and contribute significantly to provide guidance to overseas businesses, customer relations and investor relations for financing the global business from the Chairman's office set-up by MSSL Mideast (FZE). Given international focus of businesses of the Company, including the wiring harness business, MSSL Mideast (FZE), has appointed Mr. V. C. Sehgal, Chairman (on part time basis) to provide guidance as aforesaid. While associated with MSSL Mideast (FZE), Mr. V. C. Sehgal also provide guidance to the operations of overseas subsidiaries / joint ventures of MSSL and on new business opportunities outside India. For the financial year 2017-18, MSSL Mideast (FZE) has remunerated Mr. V. C. Sehgal of Euro 1,125,000 along with an accommodation at UAE.

(g) Mr. Laksh Vaamn Sehgal, Vice Chairman of the Company oversees SMRP business and also spearhead R&D initiative at Motherson Innovations Company Ltd., UK ("MI"). MI is primarily involved in innovative and technology solutions and work for developing and bringing new future technology for strategic advancement and growth for the entire group. Mr. Laksh Vaaman Sehgal also supports the Global Strategic Procurement (GSP) business of the group based out at Dubai. For the financial year 2017-18, MI has remunerated Mr. Laksh Vaaman Sehgal of GBP 301,377 and post employment benefits equivalent to GBP 6,025 and an accommodation for his stay was provided by SMR Automotive Mirrors UK Ltd. in London, UK. Further, for his support for GSP business, Samvardhana Motherson Global (FZE) has paid him remuneration of AED 599,997 for the said financial year.

(h) All mandatory requirements have been complied with including but not limited to succession planning for appointment of directors and senior management.

(i) The Company has complied with non-mandatory requirements of having separate post of the Chairperson and Whole-time Director & Chief Operating Officer.

**Whistle-blower Policy**

The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been also put up on the website of the Company http://www.motherson.com/investor-overview.html.

The Company has also appointed an independent external ombudsman, namely, "Thought Arbitrage Consultancy (TAC)". TAC consists of trained professional with expertise in this field. Any complaint or protected disclosure pertaining to an improper or unethical act as defined in the Whistle-blower Policy should be submitted to TAC. The policy with the name and address of the Chairman of the Audit Committee has been communicated to the employees by uploading the same on the website of the Company. The employees can directly contact the Chairman of the Audit Committee on the email address as mentioned in the 'Whistle Blower Policy' uploaded at the website of the Company.

**Subsidiary Companies**

The Audit Committee reviews the consolidated financial statements of the Company. The minutes of the Board Meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material non-listed Indian subsidiary companies. Keeping in view, good corporate governance, Mr. S.C. Tripathi, IAS (Retd.) and Mr. Gautam Mukherjee, the Company's Independent Directors have been appointed as Independent Director on the Board of Samvardhana Motherson Polymers Limited and SMR Automotive Systems India Limited respectively, and both are unlisted subsidiary company.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website of the Company http://www.motherson.com/investor-overview.html.

**CEO/CFO Certifications**

The Whole-time Director and the Chief Financial Officer of the Company have given annual certification on financial reporting and internal controls to the Board in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at its meeting held on May 23, 2018.

## General Shareholders Information

**1. Annual General Meeting (AGM) to be held**

Date : August 13, 2018
Day : Monday
Time : 11:00 A.M.
Venue : Ravindra Natya Mandir,
P.L. Deshpande, Maharashtra Kala Academy,
(near Sayani Road), Prabhadevi, Mumbai – 400025

As required under Regulation 36(3) of SEBI Listing Regulations, particulars of Directors seeking appointment/re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

**2. Financial Calendar (tentative and subject to change)**

- Financial reporting for first quarter ending June 30, 2018: on or before August 14, 2018;
- Financial reporting for second quarter ending September 30, 2018: on or before November 14, 2018;
- Financial reporting for third quarter ending December 31, 2018: on or before February 14, 2019; and
- Financial results for financial year ending March 31, 2019: on or before May 30, 2019.

**3. Book Closure date** : From 10.08.2018 to 13.08.2018 (both days inclusive).

**4. Dividend payment date** : Dividend for the financial year 2017-18, if declared, will be paid on or after 13.08.2018.

**5. Listing on stock exchanges**

Presently, the Equity shares of the Company are listed on following Stock Exchanges:

| | |
|---|---|
| 1. BSE Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai-400001<br>Stock Code: 517334<br>website: www.bseindia.com | 2. National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block<br>Bandra - Kurla Complex, Bandra (E), Mumbai - 400051<br>Stock Code: MOTHERSUMI<br>website: www.nseindia.com |

**Payment of listing fees :**

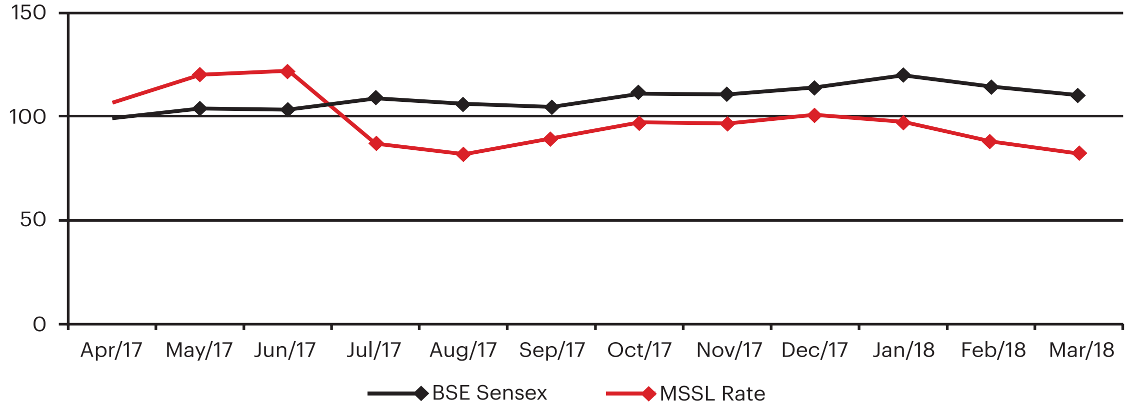
Listing fees for financial year 2018-19 has been paid to BSE Limited and National Stock Exchange of India Limited.

**6. Market price data**

| Month | BSE Limited | | National Stock Exchange of India Limited | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April 2017 | 404.30 | 370.00 | 403.95 | 370.10 |
| May 2017 | 454.85 | 392.95 | 454.90 | 392.50 |
| June 2017 | 492.85 | 446.80 | 492.80 | 446.40 |
| July 2017 * | 465.90 | 302.50 | 465.60 | 302.05 |
| August 2017 | 345.00 | 302.40 | 346.20 | 302.10 |
| September 2017 | 349.20 | 307.40 | 349.40 | 307.65 |
| October 2017 | 367.20 | 333.70 | 367.30 | 333.80 |
| November 2017 | 373.30 | 340.80 | 373.65 | 366.45 |
| December 2017 | 395.00 | 352.20 | 395.60 | 352.15 |
| January 2018 | 389.80 | 360.50 | 390.05 | 360.40 |
| February 2018 | 371.75 | 305.80 | 371.90 | 305.65 |
| March 2018 | 334.80 | 301.00 | 334.90 | 301.00 |

* Price from July 5, 2017 was Ex-Bonus (i.e., for every two (2) equity shares held one (1) equity shares was issued as bonus share).

7. **Performance in comparison to broad based indices**




Base 100 = April 1, 2017

Note: Price from July 5, 2017 was Ex-Bonus (i.e., for every two (2) equity shares held one (1) equity shares was issued as bonus share).

8. **Shareholding Pattern of the Company as on 31.03.2018 was as under:**

| Category | No. of shares held | % of shareholding |
|---|---|---|
| Promoters and Promoters Group | 1,299,524,366 | 61.73 |
| Mutual Funds | 177,434,310 | 8.43 |
| Financial Institutions and Banks | 7,733,733 | 0.37 |
| Foreign Institutional / Portfolio Investors | 395,269,167 | 18.78 |
| Insurance Companies | 11,771,194 | 0.57 |
| Bodies Corporate, NBFCs registered with RBI and Trusts | 58,166,808 | 2.76 |
| General Public (Individuals) | 145,472,922 | 6.91 |
| Alternate Investment Funds | 1,820,285 | 0.09 |
| NRIs and Foreign Nationals | 6,576,518 | 0.31 |
| IEPF | 308,169 | 0.01 |
| Clearing Members* | 1,212,019 | 0.06 |
| **Total** | **2,105,289,491** | **100.00** |

*These shares are lying in pool account of NSDL/CDSL since buyers' identity is not established.

9. **Registrar and Transfer Agents**

The Registrar and Transfer Agent (RTA) of the Company is Karvy Computershare Pvt. Ltd. The investors can send their queries to:

Karvy Computershare Pvt. Ltd.
(Unit – Motherson Sumi Systems Ltd.)
Karvy Selenium Tower B
Plot number 31 & 32, Gachibowli, Financial District
Nanakramguda , Serilingampally Mandal, Hyderabad – 500032, India
Ph. No.- 040-67162222, Fax No.- 040-23001153
E-mail - einward.ris@karvy.com

10. **Distribution of shareholding as on March 31, 2018 was as under:**

| Range (Amount) | No. of shareholders | % of shareholders to total | No. of shares | % of shares to total |
|---|---|---|---|---|
| 1 – 5000 | 163,392 | 97.19 | 47,856,432 | 2.27 |
| 5001-10000 | 1,702 | 1.01 | 12,094,989 | 0.57 |
| 10001 – 20000 | 1,012 | 0.60 | 14,463,132 | 0.69 |
| 20001 – 30000 | 752 | 0.45 | 18,612,743 | 0.88 |
| 30001- 40000 | 222 | 0.13 | 7,627,397 | 0.36 |
| 40001 – 50000 | 116 | 0.07 | 5,176,265 | 0.25 |
| 50001 – 100000 | 280 | 0.17 | 19,650,424 | 0.93 |
| 100001 and above | 638 | 0.38 | 1,979,808,109 | 94.04 |
| **TOTAL** | **168,114** | **100.00** | **2,105,289,491** | **100.00** |

11. **Dematerialization of shares and liquidity:**

The Company's shares are compulsorily tradable in dematerialized form on NSE and BSE, which provide sufficient liquidity to the investors. The Company has established connectivity with both the depositories i.e. NSDL and CDSL. Equity shares of the Company representing 99.53% of the Company's equity share capital are dematerialized as on March 31, 2018. Details are given below:

| Mode of holding | Percentage (%) |
|---|---|
| NSDL | 98.17 |
| CDSL | 1.36 |
| Physical | 0.47 |
| **TOTAL** | **100.00** |

Demat ISIN Number in NSDL and CDSL for equity shares: ISIN- INE775A01035.

12. **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has no outstanding GDRs / ADRs / Warrants or any convertible instruments as on March 31, 2018.

13. **Commodity price risk or foreign exchange risk and hedging activities:**

Please refer to Management Discussion and Analysis Report for the same.

14. **Plant Locations (in India):**

(a) Noida (Uttar Pradesh)
(b) Haldwani (Uttrakhand)
(c) Lucknow (Uttar Pradesh)
(d) Faridabad (Haryana)
(e) Gurugram (Haryana)
(f) Manesar (Haryana)
(g) Pune (Maharashtra)
(h) Kandla (Gujarat)
(i) Sanand (Gujarat)
(j) Pathredi (Rajasthan)
(k) Tapukara (Rajasthan)
(l) Bengaluru (Karnataka)
(m) Chennai (Tamilnadu)
(n) Pithampur (Madhya Pradesh)
(o) Puducherry

**Representative Office(s)**

(a) Sharjah

(b) Germany

**15. Address for correspondence:**

The Shareholders may address their communication / grievances/queries/ suggestions to

| | |
|---|---|
| Karvy Computershare Pvt. Ltd.<br>(Unit – Motherson Sumi Systems Limited)<br>Karvy Selenium Tower B<br>Plot number 31 & 32, Gachibowli, Financial District, Nanakramguda,<br>Serilingampally Mandal, Hyderabad – 500032, India<br>Ph. No.- 040-67162222, Fax No.- 040-23001153<br>E-mail - einward.ris@karvy.com | Company Secretary<br>Motherson Sumi Systems Limited<br>Plot No. -1, Sector – 127,<br>Noida – 201301 (U.P.)<br>Phone No. : 0120 -6679478<br>E-mail : investorrelations@motherson.com<br>Website : www.motherson.com |

**Compliance Certificate**

Compliance Certificate for the Corporate Governance from the Statutory Auditors of the Company is annexed herewith.

The above Report has been placed before the Board at its meeting held on June 02, 2018 and the same was approved.

# Declaration regarding compliance with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for Board of Directors and Senior Management and the same is available on the Company's website.

I confirm that the Company has in respect of the financial year March 31, 2018 received from the Board of Directors and Senior Management a declaration of compliance with the Code of Conduct.

For Motherson Sumi Systems Limited

Pankaj Mital
Whole-time Director & Chief Operating Officer

Place: Noida
Date: June 02, 2018

# Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**The Members of Motherson Sumi Systems Limited**

Motherson Sumi Systems Limited

Plot No. -1, Sector 127,

Noida – 201301 (U.P.)

1. The accompanying Corporate Governance Report prepared by Motherson Sumi Systems Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

**Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Directors Register as on March 31, 2018 and verified that atleast one women director was on the Board during the year;

   iv. Obtained and read the minutes of the following committee meetings held from April 1, 2017 to March 31, 2018:

      (a) Board of Directors meeting;

      (b) Audit committee;

      (c) Annual General meeting;

      (d) Nomination and remuneration committee;

      (e) Stakeholders Relationship Committee; and

      (f) Risk management committee;

   v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and

   vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, that we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

**Other matters and Restriction on Use**

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

**per Pankaj Chadha**
Partner
Membership Number: 091813

Place: Gurugram
Date: June 02, 2018

# Dividend Distribution Policy

## 1. Scope and Purpose

1.1 **Motherson Sumi Systems Limited ("the Company")** equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

1.2 This Dividend Distribution Policy[1] (**"the Policy"**) defines conditions to be considered by the Board for recommending / paying a dividend to the shareholders of the Company. The Board of Directors will recommend any interim / annual dividend based on this Policy, applicable laws, as well as any specific financial or market conditions prevailing at the time.

1.3 Subject to the factors mentioned in para 1.2 above, the Company has a consistent dividend policy for "distribution of upto 40% of consolidated profit as dividend and the Board may decide higher dividend in special and exceptional circumstances".

1.4 The Policy set out the broad criteria to be considered for determining the proposed dividend to appropriately reward shareholders through dividends while supporting the future growth of the Company.

## 2. Dividend Policy

2.1 Dividend Distribution Philosophy

2.1.1 The Company believes in long term value creation for its shareholders while maintaining the desired liquidity and leverage ratios and protecting the interest of all the stakeholders. Accordingly, the focus will continue to be on sustainable returns in terms of dividend, in consonance with the dynamics of business environment.

2.2 The circumstances under which shareholders may not expect dividend

2.2.1 The Company shall comply with relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine dividend for a particular period after taking into consideration financial performance of the Company, advice of executive management and other parameters described in the Policy.

2.3 The financial parameters that shall be considered while declaring dividend

2.3.1 As in the past, subject to provisions of applicable law, the Company's dividend pay-out will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

2.3.2 Based on above and, subject to factors mentioned in para 2.4 below, the Company will endeavour to maintain steady level of dividend.

2.4 The internal / external factors that shall be considered for declaration of dividend

2.4.1 When recommending / determining the dividend, the company will consider, amongst other matters:

- ➢ actual results for the year and the outlook for business operations
- ➢ providing for anticipated capital expenditures or acquisitions to further enhance shareholder value or meet strategic objectives
- ➢ setting aside cash to meet debt repayments
- ➢ changes in cost and availability of external financing
- ➢ level of dividends paid historically
- ➢ retaining earnings to provide for contingencies or unforeseeable events
- ➢ the overall economic environment including taxation
- ➢ changes in government policy, industry rulings and regulatory provisions

2.5 Policy on utilization of retained earning

2.5.1 The utilization of retained earnings will include:

- ➢ Inorganic / organic growth
- ➢ Diversification opportunities / capital expenditure

[1] The Securities and Exchange Board of India ('SEBI') vide its notification dated July 8, 2016 has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has made it mandatory for the top 500 listed entities, based on market capitalization, as on March 31 of every financial year to formulate a Dividend Distribution Policy ('Policy').

- ➢ Fund based requirement of company, its subsidiaries, joint ventures and/or other investee companies
- ➢ General corporate purposes including contingencies
- ➢ Investments in the new/existing business
- ➢ Any other permitted use under the Companies Act, 2013 and applicable laws

2.6 Provisions with regard to various classes of shares

2.6.1 The provisions contained in this policy shall apply to all classes of shares of the Company. It may be noted that currently the Company has only one class of shares, namely, equity shares.

## 3. Review and Disclosure

3.1 This policy will be reviewed and amended, as and when, required by the Board and/or under applicable laws. Any revisions in the Policy will be communicated to shareholders in a timely manner. The Policy shall be disclosed in the Annual report and on the website of the Company, i.e., 'www.motherson.com'.

## 4. Limitation

4.1 In the event of any conflict between the Act or the SEBI Regulations or other statutory enactments ("the Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard, shall automatically apply to this policy.

## 5. Disclaimer

5.1 The Policy does not constitute a commitment regarding future dividends of the Company, but only represents a general guidance regarding payment of dividend.

5.2 The statement of the policy does not in any way restrict right of the board to use its discretion in the recommendation of the dividend to be distributed considering various factors mentioned in the policy. Further, subject to the provisions of applicable laws, the board reserves the right to depart from the policy as and when circumstances so warrant.

# STANDALONE FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

**To the Members of Motherson Sumi Systems Limited**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Motherson Sumi Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Other Matter**

The financial statements of the Company for the year ended March 31, 2017, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 19, 2017.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 20 and Note 43 to the standalone financial statements;

    ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 36 to the standalone financial statements;

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Pankaj Chadha**
Partner
Membership Number: 091813

Place of Signature: Noida
Date: May 23, 2018

**Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

**Re: Motherson Sumi Systems Limited (the "Company")**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(i) (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(i) (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of its products and related services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty or value added tax on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ million)* | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 13 | 2002-03 | Supreme Court |
| Income Tax Act, 1961 | Income Tax | 20 | 2003-04 to 2005-06 | High Court |
| Income Tax Act, 1961 | Income Tax | 30 | 2010-11 & 2011-12 | Income tax appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 21 | 2003-04 to 2004-05, 2006-07 & 2008-09 | Commissioner of Income Tax (Appeals) |

| Name of the statute | Nature of dues | Amount (₹ million)* | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 15 | 2014-15 | Dispute resolution panel (DRP) |
| U.P. VAT Act, 2008 | Value Added Tax & Sales Tax | 1 | 2013-14 | Assessing Officer |
| U.P. VAT Act, 2008 | Value Added Tax & Sales Tax | 1 | 2017-18 | Additional commissioner (Appeals) |
| Karnataka VAT Act, 2003 | Value Added Tax & Sales Tax | 2 | 2008-09 | High Court |
| Central Excise Act, 1944 | Excise | 4 | 2011-12 & 2014-15 to 2015-16 | Additional Commissioner |
| Central Excise Act, 1944 | Excise | 4 | 2007-08 & 2012-13 to 2013-14 | Commissioner (Appeals) |
| Central Excise Act, 1944 | Excise | 8 | 2012-13 | High Court |
| Central Excise Act, 1944** | Excise | 0 | 2011-12 | CESTAT |
| Central Excise Act, 1944 | Excise | 2 | 2012-13 to 2013-14 | Commissioner |
| Finance Act, 1994 | Service tax | 2 | 1999-00 to 2000-01 | High Court |
| Finance Act, 1994 | Service tax | 7 | 2010-11 | Additional Commissioner |
| Finance Act, 1994 | Service tax | 5 | 2009-10 to 2014-15 | Commissioner (Appeals) |
| Finance Act, 1994 | Service tax | 14 | 2007-08, 2009-10, 2010-11 & 2015-16 | CESTAT |
| Finance Act, 1994** | Service tax | 0 | 2009-10 | Deputy Commissioner |
| Finance Act, 1994 | Service tax | 2 | 2002-03 to 2003-04 & 2010-11 | Commissioner |

* The amounts are net of advances

** Amount is below the rounding off norm adopted by the Company

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company does not have any dues outstanding to debenture holder or financial institution or government in the nature of loan or borrowing.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Pankaj Chadha**
Partner
Membership Number: 091813

Place of Signature: Noida
Date: May 23, 2018

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MOTHERSON SUMI SYSTEMS LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Motherson Sumi Systems Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Pankaj Chadha**
Partner
Membership Number: 091813

Place of Signature: Noida
Date: May 23, 2018

(All amounts in ₹ Million, unless otherwise stated)

# BALANCE SHEET

| | Notes | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 14,644 | 13,824 |
| Capital work in progress | 3 | 922 | 530 |
| Investment property | 4 | 822 | 592 |
| Intangible assets | 5 | 4 | 9 |
| Investment in subsidiaries, joint ventures and associate | 6(a) | 46,343 | 44,764 |
| Financial assets | | | |
| i. Investments | 6(a) | 186 | 207 |
| ii. Loans | 7 | 48 | 38 |
| Deferred tax assets (net) | 10 | 1,246 | 528 |
| Other non-current assets | 11 | 462 | 667 |
| Non-current tax assets (net) | 23 | 19 | - |
| **Total non-current assets** | | **64,696** | **61,159** |
| **Current assets** | | | |
| Inventories | 12 | 9,242 | 6,917 |
| Financial assets | | | |
| i. Investments | 6(b) | 9 | 8 |
| ii. Trade receivables | 8 | 9,250 | 8,115 |
| iii. Cash and cash equivalents | 13(a) | 1,016 | 1,854 |
| iv. Bank balances other than (iii) above | 13(b) | 38 | 36 |
| v. Loans | 7 | 129 | 95 |
| vi. Other financial assets | 9 | 2,197 | 2,562 |
| Other current assets | 14 | 1,519 | 2,034 |
| **Total current assets** | | **23,400** | **21,621** |
| **Total assets** | | **88,096** | **82,780** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 2,105 | 1,404 |
| **Other equity** | | | |
| Reserves and surplus | 16(a) | 59,563 | 56,474 |
| Other reserves | 16(b) | 134 | 149 |
| **Total equity** | | **61,802** | **58,027** |
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| Financial Liabilities | | | |
| i. Borrowings | 17(a) | 11,027 | 11,543 |
| ii. Other financial liabilities | 18 | 181 | 194 |
| Employee benefit obligations | 21 | 395 | 354 |
| Government grants | 22 | 101 | 111 |
| **Total non-current liabilities** | | **11,704** | **12,202** |

(All amounts in ₹ Million, unless otherwise stated)

| | Notes | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| i. Borrowings | 17(b) | 16 | 37 |
| ii. Trade payables | 19 | 8,922 | 7,641 |
| iii. Other financial liabilities | 18 | 3,584 | 2,579 |
| Provisions | 20 | 25 | 20 |
| Employee benefit obligations | 21 | 226 | 288 |
| Government grants | 22 | 15 | 15 |
| Current tax liabilities (net) | 23 | - | 437 |
| Other current liabilities | 24 | 1,802 | 1,534 |
| **Total current liabilities** | | **14,590** | **12,551** |
| **Total liabilities** | | **26,294** | **24,753** |
| **Total equity and liabilities** | | **88,096** | **82,780** |
| Summary of significant accounting policies | 2 | | |

This is the Balance Sheet referred to in our report of even date

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

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

Place : Noida
Date : May 23, 2018

The above Standalone balance sheet should be read in conjunction with the accompanying notes

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

(All amounts in ₹ Million, unless otherwise stated)

# STATEMENT OF PROFIT AND LOSS

| | Notes | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 25 | 76,673 | 70,021 |
| Other income | 26 | 1,404 | 1,680 |
| **Total income** | | **78,077** | **71,701** |
| **Expenses** | | | |
| Cost of materials consumed | 27 | 38,802 | 31,178 |
| Purchase of stock-in-trade | | 3,080 | 2,833 |
| Changes in inventory of finished goods, work-in-progress and stock in trade | 28 | (895) | (166) |
| Excise duty | | 2,112 | 7,154 |
| Employee benefit expense | 29 | 10,619 | 8,560 |
| Depreciation and amortization expense | 32 | 2,183 | 1,977 |
| Finance costs | 31 | 433 | 124 |
| Other expenses | 30 | 9,636 | 8,313 |
| **Total expenses** | | **65,970** | **59,973** |
| **Profit before tax** | | **12,107** | **11,728** |
| **Tax expenses** | 33 | | |
| -Current tax | | 4,016 | 3,556 |
| -Deferred tax expense/ (credit) | | (700) | (101) |
| **Total tax expense** | | **3,316** | **3,455** |
| **Profit for the year** | | **8,791** | **8,273** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Changes in fair valuation of FVOCI equity investment | | (20) | 21 |
| Deferred tax on fair valuation of FVOCI equity investment | | 5 | (5) |
| Remeasurements of post-employment benefit obligations | | (38) | (120) |
| Deferred tax on remeasurements of post-employment benefit obligations | | 13 | 42 |
| **Other comprehensive income for the year, net of tax** | | **(40)** | **(62)** |
| **Total comprehensive income for the year** | | **8,751** | **8,211** |
| **Earnings per share: (Refer Note 34)** | | | |
| Nominal value per share: ₹ 1/- (Previous year : ₹ 1/-) | | | |
| Basic | | 4.18 | 4.04 |
| Diluted | | 4.18 | 4.04 |
| Summary of significant accounting policies | 2 | | |

This is the Statement of Profit and Loss referred to in our report of even date

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

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

Place : Noida
Date : May 23, 2018

The above Standalone Statement of profit and loss should be read in conjunction with the accompanying notes

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

(All amounts in ₹ Million, unless otherwise stated)

# STATEMENT OF CHANGES IN EQUITY

**A. Equity share capital**

| | Notes | Amount |
|---|---|---|
| **As at April 01, 2016** | | **1,323** |
| Issue of equity share capital | 15 | 81 |
| **As at March 31, 2017** | | **1,404** |
| Issue of equity share capital | 15 | 702 |
| **As at March 31, 2018** | | **2,105** |

**B. Other equity**

| | Notes | Reserves and surplus | | | | Items of OCI | Total |
|---|---|---|---|---|---|---|---|
| | | Securities premium reserve | Reserve on amalgamation | General Reserve | Retained Earnings | FVOCI equity investments | |
| **Balance as at April 01, 2016** | | **2,785** | **1,663** | **3,363** | **15,238** | **167** | **23,216** |
| Profit for the year | | - | - | - | 8,273 | - | **8,273** |
| Other comprehensive income | | - | - | - | (78) | 16 | **(62)** |
| **Total comprehensive income for the year** | | - | - | - | **8,195** | **16** | **8,211** |
| Additions during the year | | | | | | | |
| Issue of equity shares, net of transaction costs | 16(a) | 25,196 | - | - | - | - | **25,196** |
| Transfer of gain on fair valuation of equity instrument at FVOCI to retained earnings upon its sale | 16(b) | - | - | - | 34 | (34) | **-** |
| **Balance at March 31, 2017** | | **27,981** | **1,663** | **3,363** | **23,467** | **149** | **56,623** |
| Profit for the year | | - | - | - | 8,791 | - | **8,791** |
| Other comprehensive income | | - | - | - | (25) | (15) | **(40)** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **8,766** | **(15)** | **8,751** |

(All amounts in ₹ Million, unless otherwise stated)

| | Notes | Reserves and surplus | | | | Items of OCI | Total |
|---|---|---|---|---|---|---|---|
| | | Securities premium reserve | Reserve on amalgamation | General Reserve | Retained Earnings | FVOCI equity investments | |
| Additions during the year | | | | | | | |
| Bonus Issue | 16 (a) | (702) | - | - | - | - | **(702)** |
| Dividend paid | 16 (a) | | | | (4,210) | | **(4,210)** |
| Tax on Dividend | 16 (a) | | | | (765) | | **(765)** |
| Transfer of gain on fair valuation of equity instrument at FVOCI to retained earnings upon its sale | 16 (a) | - | - | - | - | - | **-** |
| **Balance at March 31, 2018** | | **27,279** | **1,663** | **3,363** | **27,258** | **134** | **59,697** |
| Summary of significant accounting policies | 2 | | | | | | |

The above Statement of change in equity should be read in conjunction with the accompanying notes

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

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

Place : Noida
Date : May 23, 2018

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

(All amounts in ₹ Million, unless otherwise stated)

# CASH FLOW STATEMENT

| | | For the year Ended | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| **A.** | **Cash flow from operating activities:** | | |
| | Net profit before tax | 12,107 | 11,728 |
| | Adjustments for: | | |
| | Depreciation & amortisation | 2,183 | 1,977 |
| | Amortisation of government grant | (10) | (17) |
| | Gain on disposal of property, plant & equipment (net) | (12) | (13) |
| | Liabilities no longer required written back | (19) | (56) |
| | Bad debts/advances written off | (19) | 22 |
| | Provision for doubtful debts / advances | 7 | 2 |
| | Gain on sale of Investments | - | (779) |
| | Changes in fair value of financial assets at fair value through profit or loss | - | 0 |
| | Provision for gratuity & compensated absences | (60) | 34 |
| | Provision for warranty | 5 | 3 |
| | Provision for diminution in the value of investment (net) | - | (45) |
| | Interest income | (72) | (182) |
| | Dividend income | (701) | (172) |
| | Finance cost | 433 | 124 |
| | Unrealised foreign exchange loss (net) | (155) | (43) |
| | **Operating profit before working capital changes** | **13,687** | **12,583** |
| | **Change in working Capital:** | | |
| | Increase/(Decrease) in trade payables | 1,293 | 2,151 |
| | Increase/(Decrease) in other payables | 269 | (174) |
| | Increase/(Decrease) in other financial liability | 81 | 450 |
| | (Increase)/Decrease in trade receivables | (1,005) | (2,215) |
| | (Increase)/Decrease in inventories | (2,325) | (499) |
| | (Increase)/Decrease in other financial assets | 366 | (1,056) |
| | (Increase)/Decrease in other receivables | 453 | (583) |
| | **Cash generated from operations** | **12,819** | **10,657** |
| | - Taxes paid (net of refund) | (4,426) | (3,526) |
| | **Net cash generated from operating activities** | **8,393** | **7,131** |
| **B.** | **Cash flow from investing activities:** | | |
| | Payments for property, plant & equipment | (3,070) | (2,522) |
| | Proceeds from sale of property, plant & equipment | 30 | 31 |
| | Proceeds from sale / (payment for purchase) of investments (net) | (296) | (36,672) |
| | Loan (to)/repaid by related parties (net) | - | 143 |
| | Interest received | 72 | 165 |
| | Dividend received from subsidiaries | 439 | - |
| | Dividend received from others | 217 | 172 |
| | (Purchase)/proceeds from maturity/ (investment) in fixed deposits | (5) | (9) |
| | **Net cash used in investing activities** | **(2,613)** | **(38,692)** |

(All amounts in ₹ Million, unless otherwise stated)

| | | For the year Ended | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| **C.** | **Cash flow from financing activities:** | | |
| | Proceeds from issues of shares | - | 25,277 |
| | Dividend paid | (4,203) | (16) |
| | Dividend distribution tax | (766) | - |
| | Interest paid | (299) | (108) |
| | Proceeds from long term borrowings | - | 11,007 |
| | Proceeds from other short term borrowings | 16 | - |
| | Repayment of long term borrowings | (1,352) | (1,518) |
| | Repayment of other short term borrowings | (36) | (1,373) |
| | **Net cash used in financing activities** | **(6,640)** | **33,269** |
| | **Net Increase/(Decrease) in Cash & Cash Equivalents** | **(860)** | **1,708** |
| | **Net Cash and Cash equivalents at the beginning of the year** | **1,854** | **142** |
| | **Cash and cash equivalents as at current year closing** | **994** | **1,850** |
| | **Cash and cash equivalents comprise of the following (Note 13(a))** | | |
| | Cash on hand | 19 | 17 |
| | Cheques / drafts on hand | 106 | 127 |
| | Balances with banks | 891 | 1,710 |
| | **Cash and cash equivalents as per Balance Sheet** | **1,016** | **1,854** |
| | Net foreign exchange difference | (22) | (4) |
| | **Total** | **994** | **1,850** |

Summary of significant accounting policies (Note 2)

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

ii) Figures in brackets indicate Cash Outflow.

This is the Cash Flow Statement referred to in our report report of even date

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

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

Place : Noida
Date : May 23, 2018

The above Standalone Cash flow statement should be read in conjunction with the accompanying notes

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

## 1. Corporate Information

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

The financial statements were authorised for issue in accordance with a resolution of the Board of directors on May 23, 2018.

## 2.1 Significant accounting policies

### (a) Basis of preparation

**Compliance with Ind AS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Defined benefit pension plans – plan assets measured at fair value

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

**Application of new and revised standards**

The Company has adopted with effect from April 1, 2017, the following new amendment and pronouncements.

- Ind AS 7 Statement of Cash Flows: narrow-scope amendments: The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities (Refer Note 13)

### (b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker "CODM" of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments. The Company has monthly review and forecasting procedure in place and CODM reviews the operations of the Company as a whole.

### (c) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

**(d) Foreign currencies**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing cost are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments (other than investment in subsidiaries, joint ventures and associates) classified as FVOCI are recognised in other comprehensive income.

**(e) Revenue recognition and Other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods:**

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are recognised when the significant risks and rewards of ownership are transferred to the buyer as per the terms of contract.

**Sale of services:**

Revenues from the sale of services are recorded with respect to the stage of completion as of the reporting date in relation to the total service to be provided in the course of the transaction.

**Tooling Revenue**

The Company develops tooling for its customers. The Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The Company determines the level of completion on the basis of milestones achieved to date.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. The Company does not recognize profit on booking of such revenue ("Zero profit margin method") since it is not possible to determine the level of completion reliably. The costs include all expenses incurred in direct relation to the specific projects and a proportion of the fixed and variable general costs incurred on the basis of normal capacity for the Company's construction contracts. On the balance sheet, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**Other income**

**Interest**

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

**Rental Income**

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

**Dividend**

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

**Duty drawback and export incentives**

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

**(f) Government grants**

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

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

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

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

**(g) Income tax**

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

**Investment allowances and similar tax incentives:**

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

**(h) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**As a Lessee**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities, as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a Lessor**

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

**(i) Impairment of non-financial assets**

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

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

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

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

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

**(j) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**(k) Inventories**

*Raw materials and stores, work in progress, traded and finished goods*

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

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

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

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

**(I) Financial instruments**

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

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

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

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

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

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

**Debt instrument at FVTOCI**

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

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

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

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

**Debt instrument at FVTPL**

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

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

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

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

**Derecognition**

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

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

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

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

c. Lease receivables under Ind AS 17

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e. Loan commitments which are not measured as at FVTPL

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

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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

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

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

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

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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

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

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

**Loans and borrowings**

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

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

This category generally applies to borrowings and other payables.

**Financial guarantee contracts**

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

**Derecognition**

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

**Embedded derivatives**

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

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

**Offsetting of financial instruments**

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

**(m) Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (note 2.2, 35 and 36)
- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 6, 7, 8, 9, 13, 17, 18, 19, 35 and 36 )

**(n) Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

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

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

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

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

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

**(i) Fair value hedges**

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

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

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

**(ii) Cash flow hedges**

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

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

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

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

**(o) Property, Plant and equipment**

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

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

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

**Depreciation methods and useful lives**

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

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

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

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

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

**(p) Investment properties**

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

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

The Company depreciates building component of investment property over 30 years and leasehold land over the period of lease.

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

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

**(q) Intangible assets**

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

The useful live of intangible assets are as follows:

| Asset | Useful lives (years) |
|---|---|
| Software | 3 years |

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

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

**Research and development costs**

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

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

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

**(r) Borrowing costs**

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

**(s) Provisions and contingent liabilities**

**Provisions**

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

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

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

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

**Contingent Liabilities**

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

**(t) Employee benefits**

**Short-term obligations**

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

**Provident Fund & Employee State Insurance**

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

**Superannuation fund**

The Company has a superannuation plan for the benefit of its employees. Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The Company contributes up to 12% of the eligible employees' salary or 1,00,000/1,50,000 whichever is lower, every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligations beyond this contribution.

**Gratuity**

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

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

**Compensated Absences**

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

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

**(u) Dividends**

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

**(v) Earnings per share**

*(i) Basic earnings per share*

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

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

*(ii) Diluted earnings per share*

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.2 Significant accounting judgements, estimates and assumptions

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

**Judgements**

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

**Estimates and assumptions**

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

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

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

**(ii) Defined benefit plans**

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

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

**(iii) Fair valuation of unlisted securities**

When the fair value of unlisted securities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. **Refer Note 35 of the financials.**

**(iv) Taxes**

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

**(v) Percentage completion of recognition of revenue**

The Company uses the percentage-of-completion method in accounting for its 'manufacturing and selling of tooling' contracts. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

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

(All amounts in ₹ Million, unless otherwise stated)

### 3. Property, plant and equipment

| | Leasehold Land Refer note (v) | Freehold Land | Leasehold Improvements | Buildings | Plant & Machinery Refer note (iv) | Furniture & fixtures | Office equipments | Computers | Vehicles | Total | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2017** | | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | | |
| As at April 01, 2016 | 1,247 | 1,035 | 91 | 5,962 | 7,407 | 91 | 89 | 102 | 54 | **16,078** | 652 |
| Additions | 54 | - | 3 | 541 | 1,351 | 15 | 29 | 92 | 8 | **2,093** | - |
| Disposals | - | (7) | - | (3) | (157) | - | (3) | (21) | (14) | **(205)** | - |
| Other adjustment (Refer note (vi)) | (143) | (39) | - | (197) | - | - | - | - | - | **(379)** | (122) |
| **Closing gross carrying amount** | **1,158** | **989** | **94** | **6,303** | **8,601** | **106** | **115** | **173** | **48** | **17,587** | **530** |
| **Accumulated depreciation** | | | | | | | | | | | |
| As at April 01, 2016 | 14 | - | 13 | 234 | 1,637 | 19 | 27 | 31 | 17 | **1,992** | - |
| Depreciation charge during the year | 14 | - | 12 | 238 | 1,590 | 21 | 27 | 53 | 13 | **1,968** | - |
| Disposals | - | - | - | (3) | (149) | - | (4) | (21) | (11) | **(188)** | - |
| Other adjustment (Refer note (vi)) | (2) | - | - | (7) | - | - | - | - | - | **(9)** | - |
| **Closing accumulated depreciation** | **26** | **-** | **25** | **462** | **3,078** | **40** | **50** | **63** | **19** | **3,763** | **-** |
| **Net carrying amount** | **1,132** | **989** | **69** | **5,841** | **5,523** | **66** | **65** | **110** | **29** | **13,824** | **530** |
| **Year ended March 31, 2018** | | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | | |
| As at April 01, 2017 | 1,158 | 989 | 94 | 6,303 | 8,601 | 106 | 115 | 173 | 48 | **17,587** | 530 |
| Additions | 123 | 102 | 36 | 714 | 1,806 | 12 | 50 | 96 | 19 | **2,958** | 692 |
| Disposals | - | - | (25) | - | (24) | - | - | - | (16) | **(65)** | - |
| Other adjustment | - | - | - | - | 3 | - | - | - | - | **3** | (300) |
| **Closing gross carrying amount** | **1,281** | **1,091** | **105** | **7,017** | **10,386** | **118** | **165** | **269** | **51** | **20,483** | **922** |

(All amounts in ₹ Million, unless otherwise stated)

| | Leasehold Land Refer note (v) | Freehold Land | Leasehold Improvements | Buildings | Plant & Machinery Refer note (iv) | Furniture & fixtures | Office equipments | Computers | Vehicles | Total | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | | | | | | | |
| As at April 01, 2017 | 26 | - | 25 | 462 | 3,078 | 40 | 50 | 63 | 19 | **3,763** | - |
| Depreciation charge during the year | 15 | - | 46 | 265 | 1,652 | 22 | 30 | 75 | 14 | **2,119** | - |
| Disposals | - | - | (22) | - | (9) | - | - | - | (12) | **(43)** | - |
| Other adjustment | - | - | - | - | - | - | - | - | - | **-** | - |
| **Closing accumulated depreciation** | **41** | **-** | **49** | **727** | **4,721** | **62** | **80** | **138** | **21** | **5,839** | **-** |
| **Net carrying amount** | **1,240** | **1,091** | **56** | **6,290** | **5,665** | **56** | **85** | **131** | **30** | **14,644** | **922** |

(i) Refer to note 40 for information on property plant and equipment pledged as security by the Company.

(ii) Contractual obligations: Refer to note 41 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

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

(iv) Includes depreciation of ₹ 6 million ( March 31,2017: ₹ 7 million) capitalized during the year on assets used for the creation of self generated assets. (Refer Note. 32)

(v) Leasehold land represents land obtained on long term lease from various government authorities and considered as finance lease. (Refer note 42).

(vi) Other Adjustments in leasehold land (Gross Block: ₹ 143 million, Accumulated Depreciation: ₹ 2 million), freehold land (Gross Block: ₹ 39 million, Accumulated Depreciation: Nil) and building (Gross Block: ₹ 197 million, Accumulated Depreciation: ₹ 7 million) includes transfer to investment property during previous year ended March 31 2017.

 (All amounts in ₹ Million, unless otherwise stated)

**4. Investment property**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Gross carrying amount** | | |
| Opening gross carrying amount | 614 | 235 |
| Add: Additions during the year | 297 | 379 |
| Less: Deletions during the year | 2 | - |
| **Closing gross carrying amount** | **909** | **614** |
| **Accumulated depreciation** | | |
| Opening balance | 22 | 2 |
| Add: Additions during the year | - | 9 |
| Add: Depreciation for the year | 65 | 11 |
| **Closing accumulated depreciation** | **87** | **22** |
| **Net carrying amount** | **822** | **592** |

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Rental Income | 21 | 20 |
| Direct operating expenses from property that generated rental income | (1) | (0) |
| Direct operating expenses from property that did not generate rental income | (2) | (1) |
| **Profit from investment properties before depreciation** | **18** | **19** |
| Depreciation | 65 | 11 |
| **Profit / (loss) from investment property** | **(47)** | **8** |

(ii) Contractual obligations:

Refer note 41 for disclosure of contractual obligation towards purchase of investment property.

(iii) Leasing arrangements:

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

(iv) Fair value:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Investment property | 1,623 | 1,324 |

**Estimation of fair value**

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

## 5 Intangible assets

| | Software |
|---|---|
| **Year ended March 31, 2017** | |
| **Gross carrying amount** | |
| As at April 01, 2016 | 6 |
| Additions | 11 |
| **Closing gross carrying amount** | **17** |
| **Accumulated amortisation** | |
| As at April 01, 2016 | 3 |
| Amortisation charge during the year | 5 |
| **Closing accumulated amortisation** | **8** |
| **Net carrying amount** | **9** |
| | |
| **Year ended March 31, 2018** | |
| **Gross carrying amount** | |
| As at April 01, 2017 | 17 |
| **Closing gross carrying amount** | **17** |
| **Accumulated amortisation** | |
| As at April 01, 2017 | 8 |
| Amortisation charge during the year | 5 |
| **Closing accumulated amortisation** | **13** |
| **Net carrying amount** | **4** |

## 6(a) Non-Current investments

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Investment in subsidiaries, joint ventures and associate (Unquoted instruments valued at cost unless stated otherwise)** | | |
| **Investment in Subsidiaries :** | | |
| **MSSL Mauritius Holdings Limited** | | |
| 37,820,080 (March 31, 2017: 37,820,080) equity shares of EUR 1 each fully paid-up | 2,304 | 2,304 |
| Net of provision for other than temporary diminution aggregating to ₹ 50 million (March 31, 2017 : ₹ 50 million) | | |
| **MSSL Mideast (FZE)** | | |
| 1 (March 31, 2017: 1) equity share of AED 150,000 equivalent to EUR 46,875 each fully paid-up | 2 | 2 |
| 44,170,000 (March 31, 2017: 44,170,000) equity shares of EUR 1 each fully paid-up | 3,111 | 3,111 |
| 50,000,000 (March 31, 2017: 50,000,000) equity shares of EUR 1 each fully paid-up at a premium of EUR 2.60per share | 12,719 | 12,719 |
| Add: Effective portion of fair value hedge (refer note 36) | 1,579 | - |
| **Motherson Electrical Wires Lanka Private Limited** | | |
| 1,456,202 (March 31, 2017: 1,456,202) equity shares of LKR 10 each fully paid-up | 7 | 7 |
| **MSSL (S) PTE Limited** | | |
| 20,554,700 (March 31, 2017: 20,554,700) equity shares of SGD 1 each fully paid-up | 960 | 960 |

(All amounts in ₹ Million, unless otherwise stated)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Samvardhana Motherson Polymers Limited** | | |
| 522,750 (March 31, 2017: 522,750) equity shares of ₹ 10 each fully paid-up | 5 | 5 |
| 1,351,500 (March 31, 2017: 1,351,500) equity shares of ₹ 10 each fully paid-up at a premium of ₹ 190 per share | 270 | 270 |
| 46,920 (March 31, 2017: 46,920) equity shares of ₹ 10 each fully paid-up at a premium of ₹ 2,300 per share | 108 | 108 |
| **SMR Automotive Systems India Limited** | | |
| 6,712,990 (March 31, 2017: 6,712,990) equity shares of ₹ 10 each fully paid-up | 67 | 67 |
| **MSSL Automobile Component Limited** | | |
| 50,000 (March 31, 2017: 50,000) equity shares of ₹ 10 each fully paid-up | 1 | 1 |
| **MSSL (GB) Limited** | | |
| 203,422,924 (March 31, 2017: 203,422,924) equity shares of GBP 1 each fully paid-up at a premium of GBP 0.50 per share. | 24,705 | 24,705 |
| **Motherson Polymers Compounding Solution Private Limited (formerly known as Samvardhana Motherson Nippisun Technology Limited)** | | |
| 9,000,000 (March 31, 2017: 4,455,000) equity shares of ₹ 10 each fully paid-up | 8 | 8 |
| **(A)** | **45,846** | **44,267** |
| **Investment in joint ventures :** | | |
| **Kyungshin Industrial Motherson Limited** | | |
| 17,200,000 (March 31, 2017: 8,600,000) equity shares of ₹ 10 each fully paid-up | 86 | 86 |
| **Calsonic Kansei Motherson Auto Products Limited** | | |
| 30,930,836 (March 31, 2017: 30,930,836) equity shares of ₹ 10 each fully paid-up | 400 | 400 |
| **(B)** | **486** | **486** |
| **Investment in Associate :** | | |
| **Saks Ancillaries Limited** | 11 | 11 |
| 1,000,000 (March 31, 2017: 1,000,000) equity shares of ₹ 10 each fully paid-up | | |
| **(C)** | **11** | **11** |
| **Total Investment in subsidiaries, joint ventures and associate (A+B+C)** | **46,343** | **44,764** |
| **Equity investments at FVOCI** | | |
| **Unquoted** | | |
| **Motherson Sumi INfotech & Designs Limited** | | |
| 1,200,000 (March 31, 2017: 1,200,000) equity shares of ₹ 10 each fully paid-up | 183 | 205 |
| **Echanda Urja Private Limited** | | |
| 120,645 (March 31, 2017: 35,000) equity shares of ₹ 10 each fully paid-up | 1 | 0 |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Tulsyan NEC Limited** | | |
| 63,750 (March 31, 2017: 63,750) equity shares of ₹ 30 each fully paid-up | 2 | 2 |
| **(D)** | **186** | **207** |
| **TOTAL (A+B+C+D)** | **46,529** | **44,971** |
| Aggregate amount of quoted investments and market value thereof | - | - |
| Aggregate amount of unquoted investments | 46,579 | 45,021 |
| Aggregate amount of impairment in the value of investments | 50 | 50 |

**6(b) Current investments**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Investment in equity instruments at FVOCI** | | |
| **Quoted** | | |
| **HDFC Bank Limited** | 4 | 3 |
| 2,035 (March 31, 2017: 2,035) equity shares of ₹ 2 each fully paid up | | |
| **Balrampur Chini Mills Limited** | 0 | 0 |
| 1,200 (March 31, 2017: 1,200) equity shares of ₹ 1 each fully paid up | | |
| **Jaysynth Dyestuff (India) Limited** | 0 | 0 |
| 100 (March 31, 2017: 100) equity shares of ₹ 10 each fully paid up | | |
| **Meyer Apparel Limited** | 0 | 0 |
| 28,475 (March 31, 2017: 28,475) equity shares of ₹ 10 each fully paid up | | |
| **Mahindra & Mahindra Limited** | 5 | 5 |
| 7,288 (March 31, 2017: 3,644) equity shares of ₹ 5 each fully paid up | | |
| **Arcotech Limited** | 0 | 0 |
| 1,000 (March 31, 2017: 200) equity shares of ₹ 10 each fully paid up | | |
| **Unquoted** | | |
| **Pearl Engineering Polymers Limited** | - | - |
| 3,160 (March 31, 2017: 3,160) equity shares of ₹ 10 each fully paid up | | |
| **Daewoo Motors Limited** | - | - |
| 6,150 (March 31, 2017: 6,150) equity shares of ₹ 10 each fully paid up | | |
| **Athena Financial Services Limited** | - | - |
| 66 (March 31, 2017: 66) equity shares of ₹ 10 each fully paid up | | |
| **Inox Leasing & Finance Limited** | - | - |
| 100 (March 31, 2017: 100) equity shares of ₹ 10 each fully paid up | | |
| **Total current investments** | **9** | **8** |
| Aggregate amount of quoted investments and market value thereof | 9 | 8 |
| Aggregate amount of unquoted investments | - | - |
| Aggregate amount of impairment in the value of investments | - | - |

**7 Loans**

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Unsecured, considered good | | | | |
| Loans to related parties (Refer note 38) | 11 | - | 10 | - |
| Loans to employees | 118 | 48 | 85 | 38 |
| **Total** | **129** | **48** | **95** | **38** |

**8 Trade receivables**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| | Current | Current |
| Unsecured, considered good [1] | 9,250 | 8,115 |
| Unsecured, considered Doubtful | 41 | 62 |
| | **9,291** | **8,177** |
| Less: Allowances for credit loss | 41 | 62 |
| **Total** | **9,250** | **8,115** |
| [1] Includes receivables from companies in which Director of the Company is also a Director | 221 | 133 |

Note 1: The Group has derecognised trade receivables amounting ₹ 1,999.96 million (March 31, 2017: Nil) as it had transferred the contractual right and substantially transferred all risks and rewards of ownership of these receivables to various financial institutions.

**9 Other financial assets**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| | Current | Current |
| Security Deposits [1] | 668 | 605 |
| Other advances receivable in cash | 0 | 199 |
| Unbilled Revenue | 1,527 | 1,669 |
| Foreign currency and interest rate swap | - | 74 |
| Others | 2 | 15 |
| **Total** | **2,197** | **2,562** |
| [1] Includes security deposit given to a partnership firm namely M/S Motherson in which Director of the Company is Partner | 8 | 8 |

**10 Deferred tax assets (Net)**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Deferred tax assets** | | |
| Property, plant and equipment and intangible assets & investment property | 336 | 294 |
| Derivatives designated as hedges | 599 | - |
| Provision for employee benefits | 207 | 213 |
| Provision for doubtful debts and advances | 14 | 21 |
| Government grant | 41 | 44 |
| Others | 87 | - |
| **Deferred tax liabilities** | | |
| FVOCI equity instruments | (38) | (43) |
| Others | - | (1) |
| **Total** | **1,246** | **528** |

**Movement in Deferred tax assets**

| | Property, plant and equipments, intangible assets and investment property | Derivatives designated as hedges | Provision for employee benefits | Provisions for doubtful debts and advances | Government grants | FVOCI equity instruments | Other items | Total |
|---|---|---|---|---|---|---|---|---|
| **At April 01, 2016** | **203** | **-** | **159** | **34** | **43** | **(49)** | **(1)** | **389** |
| **(Charged) / credited:** | | | | | | | | |
| to profit or loss | 91 | - | 12 | (13) | 1 | 10 | - | 101 |
| to other comprehensive income | - | - | 42 | - | - | (5) | - | 37 |
| to retained earnings | - | - | - | - | - | 1 | - | 1 |
| **At March 31, 2017** | **294** | **-** | **213** | **21** | **44** | **(43)** | **(1)** | **528** |
| **(Charged) / credited:** | | | | | | | | |
| to profit or loss | 42 | 599 | (19) | (7) | (3) | - | 88 | 700 |
| to other comprehensive income | - | - | 13 | - | - | 5 | - | 18 |
| | **336** | **599** | **207** | **14** | **41** | **(38)** | **87** | **1,246** |

**Note:**

1. Deferred tax assets and deferred tax liabilities have been offset to the extent they relate to the same governing taxation laws.

## 11 Other non-current assets

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Unsecured, considered good, unless otherwise stated** | | |
| Capital advances | 407 | 613 |
| Advances recoverable | - | 5 |
| Prepaid expenses | 51 | 2 |
| Balances with government authorities | 4 | 41 |
| Subsidy receivable | - | 6 |
| **Total** | **462** | **667** |

## 12 Inventories

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Raw materials | 5,904 | 4,492 |
| Work-in-progress | 1,768 | 1,055 |
| Finished goods | 1,540 | 1,358 |
| Stores and spares | 30 | 12 |
| **Total** | **9,242** | **6,917** |
| Inventory include Inventory in transit of: | | |
| Raw materials | 1,268 | 1,046 |
| Finished goods | 305 | 216 |

**Amount recognised in profit or loss:**

During the year ended March 31, 2018 write-back of inventories on account of provision in respect of obsolete / slow moving items amounted to ₹ 56 million (March 31, 2017: ₹ 81 million write-downs). These were recognised as an expense during the year and included in changes in value of inventories of work-in-progress, stock-in-trade and finished goods in statement of profit or loss.

### 13(a) Cash and cash equivalents *

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Balances with banks: | | |
| - in current accounts | 633 | 1,710 |
| - Deposits with original maturity of less than three months | 258 | - |
| Cheques and drafts on hand | 106 | 127 |
| Cash on hand | 19 | 17 |
| **Total** | **1,016** | **1,854** |

* There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.

**Changes in liabilities arising from financing activities**

| | | | Non cash | | |
|---|---|---|---|---|---|
| | March 31, 2017 | Cash Flow | Foreign exchange movements | Fair value changes | March 31, 2018 |
| Long term borrowings | 12,898 | (1,352) | (28) | 13 | 11,531 |
| Short term borrowings | 37 | (21) | - | - | 16 |
| **Total liabilities from financing activities** | **12,935** | **(1,373)** | **(28)** | **13** | **11,547** |

### 13(b) Other bank balances

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Deposits with original maturity of more than three months but less than 12 months | 6 | 11 |
| Unpaid dividend account | 32 | 25 |
| **Total** | **38** | **36** |

### 14 Other current assets

(Unsecured, considered good, unless otherwise stated)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Advances recoverable | 488 | 636 |
| Prepaid expenses | 360 | 118 |
| Balances with government authorities | 451 | 1,122 |
| Subsidy receivable | 220 | 158 |
| **Total** | **1,519** | **2,034** |

## 15 Share Capital

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Authorised:** | | |
| 2,873,000,000 ( March 31, 2017 : 2,873,000,000) Equity shares of ₹ 1 each | 2,873 | 2,873 |
| 25,000,000 ( March 31, 2017 : 25,000,000) 8% Convertible Cumulative Preference Shares of ₹ 10 each | 250 | 250 |
| **Issued, subscribed and Paid up:** | | |
| 2,105,289,491[1] ( March 31, 2017 : 1,403,526,327[1]) Equity Shares of ₹ 1 each | 2,105 | 1,404 |

### a. Movement in equity share capital

| | Numbers | Amount |
|---|---|---|
| **As at April 01, 2016** | **1,322,879,040** | **1,323** |
| Add: Shares issued to Qualified Institutional Buyers | 62,884,827 | 63 |
| Add: Shares issued to Sumitomo Wiring Systems Limited, Japan | 17,762,460 | 18 |
| **As at March 31, 2017** | **1,403,526,327** | **1,404** |
| Add: Bonus shares issued by capitalisation of securities premium account [1] | 701,763,164 | 702 |
| **As at March 31, 2018** | **2,105,289,491** | **2,105** |

[1] During the year ended March 31, 2018, the Company allotted 701,763,164 equity shares of ₹ 1 each as bonus shares in proportion of one equity share for every two equity shares held by capitalisation of Securities Premium Account. During the previous year March 31, 2017, the Company on September 12, 2016 and September 16, 2016 made allotment of 17,762,460 equity shares and 62,884,827 equity shares respectively of ₹ 1 each to Sumitomo Wiring Systems Japan and Qualified Institutional Buyers respectively at an issue price of ₹ 317 per equity share.

### b. Rights, preferences and restrictions attached to shares

**Equity Shares:**

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

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

### c. Aggregate number of Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2018)

| | Aggregate No of Shares issued in five years | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 |
|---|---|---|---|---|---|---|
| Equity shares allotted as fully paid bonus shares by capitalisation of Securities Premium Account | 1,436,695,964 | 701,763,164 | - | 440,959,680 | - | 293,973,120 |

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | % | Nos. | % |
| **Equity shares:** | | | | |
| Samvardhana Motherson International Limited | 703,833,769 | 33.43% | 488,549,846 | 34.81% |
| Sumitomo Wiring Systems Limited | 528,424,861 | 25.10% | 352,283,241 | 25.10% |

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

**16(a)Reserves and surplus**

| | Numbers | Amount |
|---|---|---|
| Reserve on amalgamation | 1,663 | 1,663 |
| Securities premium reserve | 27,279 | 27,981 |
| General reserve | 3,363 | 3,363 |
| Retained earnings | 27,258 | 23,467 |
| **Total reserves and surplus** | **59,563** | **56,474** |

**(i) Reserve on amalgamation**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 1,663 | 1,663 |
| Additions during the year | - | - |
| **Closing balance** | **1,663** | **1,663** |

**(ii) Securities premium reserve**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 27,981 | 2,785 |
| Proceeds received on share issued to qualified institutional buyers and on preferential allotment (Refer note 50) | - | 25,484 |
| Transaction costs arising on share issues, net of tax (Refer note 50) | - | (288) |
| Utilisation during the year - issue of bonus shares | (702) | - |
| **Closing balance** | **27,279** | **27,981** |

**(iii) General reserve**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 3,363 | 3,363 |
| Additions during the year | - | - |
| **Closing balance** | **3,363** | **3,363** |

**(iv) Retained earnings**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 23,467 | 15,238 |
| Additions during the year | 8,791 | 8,273 |
| Remeasurements of post-employment benefit obligation, net of tax | (25) | (78) |
| Dividend paid [1] | (4,210) | - |
| Tax on dividend [1] | (765) | - |
| Transfer from other reserves | - | 34 |
| **Closing balance** | **27,258** | **23,467** |

[1] During the year ended March 31, 2018 the Company has paid dividend of ₹ 2 per share to its share holders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authorities on behalf of shareholders. Hence DDT paid is charged to equity.

### 16(b) Other reserves

| | FVOCI equity investments |
|---|---|
| **As at April 01, 2016** | **167** |
| Change in fair value of FVOCI equity instruments | 16 |
| Transfer to retained earnings during the year | (34) |
| **As at March 31, 2017** | **149** |
| Change in fair value of FVOCI equity instruments | (15) |
| Transfer to retained earnings during the year | - |
| **As at March 31, 2018** | **134** |

**Reserve on amalgamation**

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

**Securities premium reserve**

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

**General reserve**

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

**FVOCI equity investments**

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

### 17(a) Non-current borrowings

| | Non Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **Secured** (i) | | | | |
| Term Loans | | | | |
| Foreign currency loans from banks | 5,203 | 5,709 | 488 | 1,341 |
| Indian rupee loan from banks | 5,750 | 5,750 | - | - |
| Indian rupee loan from other than banks | 17 | 33 | 16 | 14 |
| **Unsecured** (ii) | | | | |
| Term Loans | | | | |
| Indian rupee loan from other than banks | 57 | 51 | - | - |
| Less : Disclosed under Other Current financial Liabilities (Refer Note 18) | | | (504) | (1,355) |
| **TOTAL** | **11,027** | **11,543** | **-** | **-** |

i) **Secured Loans[1]**

| Nature of Security (In case of Secured Loans) | Principal Terms & Conditions |
|---|---|
| Foreign Currency Loans from banks are secured by first pari passu charge on entire fixed assets, both movable & immovable, of the Company present and future and second pari passu charge on the entire current assets of the Company. These are also secured by way of deposit of title deeds of specified properties. | 1) ₹ 195 million (March 31, 2017: ₹ 582 million) repayable in remaining 1 instalment due in August 2018. |
| | 2) Nil (March 31, 2017: ₹ 324 million) fully repaid in February 2018. |
| | 3) Nil (March 31, 2017 : ₹ 48 million) fully repaid in August 2017. |
| | 4) ₹ 293 million (March 31, 2017: ₹ 872 million) repayable in remaining 1 instalment due in September 2018. |
| Foreign currency loan from banks is secured by creating a charge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis | ₹ 5,203 million (March 31, 2017: ₹ 5,224 million) repayable in March 2022 entirely in one instalment. |
| | The applicable rate of interest in respect of foreign currency loans from banks is within a range of 0.6% p.a. to 3.8% p.a. (March 31, 2017 : 1.0% p.a. to 3.0% p.a) over 3 to 6 months US $ Libor and 8.05% p.a.(March 31, 2017 : 8.05% p.a. to 9.30% p.a.) in respect of loans hedged for swap contracts. |
| Indian Rupee loan from banks is secured by creating a charge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis | ₹ 5,750 million (March 31, 2017: ₹ 5,750 million) repayable in March 2022 entirely in one instalment carrying Interest rate of 8.0% p.a. |
| Indian Rupee loan from other than banks for the purchase of investment property and is secured by the capital advance given for the purchase of investment property. | ₹ 33 million (March 31, 2017: ₹ 47 million) repayable in remaining 24 monthly instalments till March 2020 carrying Interest rate of 10.2% p.a. |

ii) **Unsecured Loans**

| Particulars | Terms of Repayment |
|---|---|
| Indian Rupee Loan from other than banks | Interest free loan of ₹ 57 million (March 31, 2017: ₹ 51 million) repayable in November 2022 entirely in one instalment, against which the bank guarantee is furnished by the Company. |

[1] The carrying amount of financials and non financial assets pledged as security for long term borrowings is disclosed in Note 40

**17(b) Current borrowings**

| | March 31, 2018 | March 31, 2017 |
|---|---:|---:|
| **Secured [2, 3]** | | |
| Working capital loans repayable on demand- from banks [1] | | |
| Indian rupee loan | 15 | 37 |
| **Unsecured [3]** | | |
| Loans from banks | | |
| Indian rupee loan | 1 | - |
| **TOTAL** | **16** | **37** |

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

[2] The carrying amount of financials and non financial assets pledged as security for short term borrowings is disclosed in Note 40

[3] Short term borrowings carry interest rate ranging from 8% to 12% p.a.

(All amounts in ₹ Million, unless otherwise stated)

**18 Other financial liabilities**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Non-current** | | |
| Retention money | 35 | 57 |
| Security deposit received | 55 | 55 |
| Recovery against Vehicle Loan | 91 | 82 |
| | **181** | **194** |
| **Current** | | |
| Current maturities of long term debt (Refer Note 17(a)) | 504 | 1,355 |
| Interest accrued but not due on borrowings | 4 | 18 |
| Unpaid dividends [1] | 32 | 25 |
| Payables relating purchase of fixed assets | 240 | 166 |
| Security deposit received | 3 | 2 |
| Employee benefits payable | 1,049 | 942 |
| Derivatives designated as hedges | 1,696 | - |
| Recovery against Vehicle Loan | 56 | 71 |
| **Total** | **3,584** | **2,579** |

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

**19 Trade payables**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Total outstanding dues of micro and small enterprises (Refer Note 45) and | 144 | 113 |
| Total outstanding dues of creditors other than micro, small and medium enterprises | 6,773 | 5,516 |
| Trade payable to related parties (Refer note 38) | 2,005 | 2,012 |
| **Total** | **8,922** | **7,641** |

**20 Provisions**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| | Current | Current |
| For warranties | 19 | 14 |
| For litigations / disputes | 6 | 6 |
| **Total** | **25** | **20** |

**Warranty**

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

**Litigations**

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

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

| | Warranty | | Litigations | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Opening Balance | 14 | 11 | 6 | 6 |
| Additions during the year | 5 | 3 | - | - |
| **Closing Balance** | **19** | **14** | **6** | **6** |

**21 Employee benefit obligations**

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Gratuity | 125 | - | 196 | 22 |
| Compensated absences | 101 | 395 | 92 | 332 |
| **Total** | **226** | **395** | **288** | **354** |

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

**A. Defined Benefit Schemes**

**Gratuity**

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

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

**(i) Present Value of Defined Benefit Obligation**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Obligations at year beginning** | 1,026 | 789 |
| Service Cost - Current | 93 | 78 |
| Interest expense | 72 | 61 |
| **Amount recognised in profit or loss** | **165** | **139** |
| **Remeasurements** | | |
| Actuarial (gain) / loss from change in demographic assumption | - | - |
| Actuarial (gain) / loss from change in financial assumption | (13) | 64 |
| Experience (gains)/losses | 53 | 53 |
| **Amount recognised in other comprehensive income** | **40** | **117** |
| Payment from plan: | | |
| Benefit payments | (27) | (19) |
| Addition due to transfer of employee | 8 | - |
| **Obligations at year end** | **1,212** | **1,026** |

**(ii) Fair Value of Plan Assets**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Plan assets at year beginning, at fair value** | 808 | 650 |
| | | |
| Interest income | 65 | 55 |
| **Amount recognised in profit or loss** | **65** | **55** |
| **Remeasurements** | | |
| Return on plan assets, excluding amount included in interest income | 2 | (3) |
| **Amount recognised in other comprehensive income** | **2** | **(3)** |
| Payment from plan: | | |
| Benefit payments | (5) | (20) |
| Contributions: | | |
| Employers | 217 | 126 |
| **Plan assets at year end, at fair value** | **1,087** | **808** |

**(iii) Assets and Liabilities recognized in the Balance Sheet**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Present Value of the defined benefit obligations | 1,212 | 1,026 |
| Fair value of the plan assets | 1,087 | 808 |
| **Amount recognized as Liability** | **125** | **218** |

**(iv) Defined benefit obligations cost for the year:**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Service Cost - Current | 93 | 78 |
| Interest Cost (Net) | 7 | 6 |
| Actuarial (gain) / loss | 38 | 120 |
| Net defined benefit obligations cost | **138** | **204** |

**(v) Investment details of Plan Assets**

The details of investments of plan assets are as follows:

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| LIC of India | 100% | 100% |
| **Total** | **100%** | **100%** |

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

**(vi) Actuarial assumptions:**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Discount Rate per annum | 7.6% | 7.1% |
| Future salary increases | 8.0% | 8.0% |

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

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

| | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 |
|---|---|---|---|---|---|
| Defined benefit obligations | 1,212 | 1,026 | 789 | 613 | 421 |
| Plan assets | (1,087) | (808) | (650) | (460) | (367) |
| Deficit /(Surplus) | **125** | **218** | **139** | **153** | **54** |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Gratuity | 174 | 139 |

**ix) Sensitivity Analysis**

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

| | Change in Assumption | | Impact | Increase in Assumption | | Impact | Decrease in Assumption | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | | March 31, 2018 | March 31, 2017 | | March 31, 2018 | March 31, 2017 |
| Discount Rate per annum | 0.50% | 0.50% | Decrease by | (52) | (46) | Increase by | 56 | 50 |
| Future salary increases | 1.0% | 1.0% | Increase by | 118 | 104 | Decrease by | (104) | (92) |

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

**x) Risk exposure**

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

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

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

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

**xi) Defined benefit liability and employer contributions**

Weighted average duration of the defined benefit obligation is 9 years (March 31, 2017: 9 years)

Expected benefit payments are as follows:

| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **March 31, 2018** | | | | | |
| Defined benefit obligation (gratuity) | 68 | 94 | 332 | 912 | **1,406** |
| **March 31, 2017** | | | | | |
| Defined benefit obligation (gratuity) | 56 | 64 | 276 | 751 | **1,147** |

**B. Defined Contribution Schemes**

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

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Provident fund paid to the authorities | 397 | 331 |
| Employee state insurance paid to the authorities | 90 | 66 |
| Contribution to other funds (Employee welfare etc.) | 3 | 3 |
| | **490** | **400** |

**22 Government grants**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 126 | 124 |
| Grants received during the year | 7 | 19 |
| Released to profit and loss (Refer note 26) | (17) | (17) |
| **Closing balance** | **116** | **126** |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Current portion | 15 | 15 |
| Non-current portion | 101 | 111 |
| **Total** | **116** | **126** |

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

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

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Tax assets** | | |
| Non-current tax assets (net) | 201 | 93 |
| **Tax liabilities** | | |
| Current tax liabilities (net) | 182 | 530 |
| **Net tax liabilities / (Assets)** | **(19)** | **437** |

## 24 Other current liabilities

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Statutory dues including provident fund and tax deducted at source | 495 | 580 |
| Advances received from customers | 1,307 | 954 |
| | **1,802** | **1,534** |

## 25 Revenue from operations

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Sales of products (including excise duty)** | | |
| **Finished goods** | | |
| Within India | 62,394 | 58,388 |
| Outside India | 8,251 | 8,018 |
| Traded goods | 4,551 | 2,166 |
| **Total gross sales** | **75,196** | **68,572** |
| **Other operating income:** | | |
| Sale of services | 922 | 729 |
| Scrap sales | 288 | 171 |
| Job work income | 14 | 24 |
| Recovery from customers | - | 281 |
| Export Incentives | 157 | 154 |
| Liabilities written back to the extent no longer required | 19 | 6 |
| Miscellaneous other operating income | 77 | 84 |
| | **1,477** | **1,449** |
| **Total revenue from operations** | **76,673** | **70,021** |

Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017. Sales net of excise duty and excise duty on sales amount is given in below table.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Excise duty included in sales of goods | 2,112 | 7,154 |
| Sales of goods net of excise duty | 73,084 | 61,418 |

(All amounts in ₹ Million, unless otherwise stated)

## 26 Other income

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Interest income from financial assets at amortised cost | 72 | 182 |
| Dividend Income | | |
| - From subsidiaries | 484 | - |
| - From joint ventures | 215 | 172 |
| - From equity investments designated at fair value through OCI | 2 | 0 |
| Rent | 64 | 73 |
| Exchange fluctuation (net) | 484 | 349 |
| Provision for diminution in investment written back | - | 45 |
| Profit on sale of investments | - | 779 |
| Profit on sale of tangible assets (net) | 12 | 13 |
| Government grants & subsidies (Refer note 22) | 17 | 17 |
| Miscellaneous other income | 54 | 50 |
| **Total** | **1,404** | **1,680** |

## 27 Cost of materials consumed

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Opening stock of raw materials | 3,446 | 3,037 |
| Add : Purchases of raw materials | 39,992 | 31,587 |
| Less: Closing stock of raw materials | 4,636 | 3,446 |
| **Total** | **38,802** | **31,178** |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **(Increase)/ decrease in stocks** | | |
| Stock at the opening of the year: | | |
| Finished goods | 1,358 | 1,313 |
| Work-in-progress | 1,055 | 934 |
| **Total A** | **2,413** | **2,247** |
| Stock at the end of the year: | | |
| Finished goods | 1,540 | 1,358 |
| Work-in-progress | 1,768 | 1,055 |
| **Total B** | **3,308** | **2,413** |
| **(Increase)/ decrease in stocks (A-B)** | **(895)** | **(166)** |

## 29 Employee benefit expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Salary, wages & bonus | 8,950 | 7,177 |
| Contribution to provident & other fund | 490 | 400 |
| Gratuity (Refer note 21) | 100 | 84 |
| Staff welfare expenses | 1,079 | 899 |
| **Total** | **10,619** | **8,560** |

## 30 Other expenses

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Electricity, water and fuel | 1,346 | 1,254 |
| Repairs and maintenance: | | |
| Machinery | 829 | 562 |
| Building | 566 | 478 |
| Others | 362 | 351 |
| Consumption of stores and spare parts | 818 | 625 |
| Conversion charges | 266 | 224 |
| Excise duty expenses [1] | (95) | 25 |
| Lease rent (operating leases) (Refer note 42) | 705 | 600 |
| Rates & taxes | 74 | 116 |
| Insurance | 120 | 108 |
| Donation | 18 | 18 |
| Travelling | 692 | 636 |
| Freight & forwarding | 1,292 | 919 |
| Royalty | 84 | 326 |
| Commission | 53 | 46 |
| Bad debts/advances written off | - | 22 |
| Provision for doubtful debts/advances | 7 | 2 |
| Legal & professional expenses (Refer note (a) below) | 1,187 | 1,089 |
| Expenditure towards corporate social responsibility (CSR) activities (Refer note (b) below) | 8 | 14 |
| Miscellaneous expenses | 1,304 | 898 |
| **Total** | **9,636** | **8,313** |

[1] Represents excise duty related to the differences between the closing stock and the opening stock.

### (a) Payment to auditors:

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **As Auditor:** | | |
| Audit fees (including limited review) | 38 | 40 |
| Other services | 11 | 49 |
| Reimbursement of expenses | 6 | 5 |
| **Total** | **55*** | **94** |

* includes audit fees paid to predecessor auditor also

### (b) Corporate social responsibility expenditure

| | | For the year ended | |
|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 |
| (i) | Contribution to Swarn Lata Motherson Trust | - | 10 |
| (ii) | Contribution for the promotion of Education & other Initiatives | 0 | 2 |
| (iii) | Contribution towards welfare of the society | 8 | 1 |
| (iv) | Administrative Cost for Reviewing CSR Structure | - | 1 |
| | | **8** | **14** |
| | Amount required to be spent as per Section 135 of the Act | 177 | 154 |
| | Amount spent during the year on: | | |
| (i) | Construction/acquisition of asset | - | - |
| (ii) | Purpose other than (i) above | 8 | 14 |
| | | **8** | **14** |

## 31 Finance costs

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Interest on long term borrowings | 133 | 130 |
| Exchange differences regarded as an adjustment to borrowing costs [1] | 164 | (92) |
| Other finance costs | 136 | 86 |
| **Total** | **433** | **124** |

[1] Includes foreign exchange gain/(loss) on long term loan facilities of ₹ (29) million (March 31, 2017 : ₹ 37 million) and Mark to Market gain/(loss) on derivatives of ₹ (136) million (March 31, 2017: ₹ 55 million )

## 32 Depreciation and amortization Expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Depreciation on Property, plant and equipment | 2,119 | 1,968 |
| Amortization on Intangible assets | 5 | 5 |
| Depreciation on Investment Property | 65 | 11 |
| Less: Capitalised during the year [1] | (6) | (7) |
| **Total** | **2,183** | **1,977** |

[1] Includes depreciation of ₹ 6 million (March 31, 2017 : ₹ 7 million) capitalised during the year on assets used for creation of self generated assets (Refer note 3).

## 33 Income tax expense

### (a) Income tax expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Current tax** | | |
| Current income tax charged | 4,016 | 3,789 |
| Adjustments for current tax of prior years | 0 | (233) |
| **Total current tax expense** | **4,016** | **3,556** |
| **Deferred tax (Refer note 10)** | | |
| Decrease / (increase) in deferred tax assets (net) | (700) | (101) |
| **Total deferred tax expense / (benefit)** | **(700)** | **(101)** |
| **Income tax expense** | **3,316** | **3,455** |
| Income tax expense is attributable to: | | |
| Profit from continuing operations | 3,316 | 3,455 |
| | **3,316** | **3,455** |

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

| | For the year ended | |
|---|---|---|
| | **March 31, 2018** | **March 31, 2017** |
| Profit before income tax expense | 12,107 | 11,728 |
| **Tax at India's tax rate of 34.608%** | 4,190 | 4,059 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Tax effect of amounts which are not deductible in calculating taxable income (net off exempt income) | (237) | (185) |
| Other tax allowances | (1) | (66) |
| Difference in tax rates for incomes taxed under capital gain | - | 9 |
| Weighted deduction for expenditure incurred on research and development | (58) | (57) |
| Adjustments for current tax of prior periods | 0 | (233) |
| Deferred tax expense on MTM loss | (599) | - |
| Other adjustments | 21 | (72) |
| **Income tax expense** | **3,316** | **3,455** |

**34 Earnings per share**

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **a)** | **Basic** | | |
| | Net profit after tax | 8,791 | 8,273 |
| | Equity shares outstanding at the beginning of the year | 1,403,526,327 | 1,322,879,040 |
| | Add: Bonus shares issued by capitalisation of securities premium | 701,763,1634 | - |
| | Add: Number of shares issued | - | 43,722,097 |
| | Add: impact of bonus share issued in FY 2017-18 on weighted average number of equity share to calculate earning per shares for FY 2016-17 | - | 683,300,569 |
| | Weighted average number of equity shares used to compute basic earnings per share | 2,105,289,491 | 2,049,901,706 |
| | Basic earnings (in ₹) per Share of ₹ 1 each. (March 31, 2017 : ₹ 1 each ) | **4.18** | **4.04** |
| **b)** | **Diluted (Refer note (i) below)** | | |
| | Net profit after tax available for equity Shareholders | 8,791 | 8,273 |
| | Weighted average number of Equity Shares of ₹ 1 each (March 31, 2017 : ₹ 1 each ) | 2,105,289,491 | 2,049,901,706 |
| | Diluted earnings (in ₹) per share of ₹ 1 each. (March 31, 2017 : ₹ 1 each ) | **4.18** | **4.04** |

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

## 35 Fair value measurements

### Financial instruments by category

| | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised Cost* | FVPL | FVOCI | Amortised Cost* |
| **Financial assets** | | | | | | |
| Investments | - | 195 | - | - | 215 | - |
| Trade receivables | - | - | 9,250 | - | - | 8,115 |
| Loans | - | - | 177 | - | - | 133 |
| Cash and cash equivalents | - | - | 1,054 | - | - | 1,890 |
| Foreign currency and interest rate swap | - | - | - | 74 | - | - |
| Other financial assets | - | - | 2,197 | - | - | 2,488 |
| **Total financial assets** | **-** | **195** | **12,678** | **74** | **215** | **12,626** |
| **Financial Liabilities** | | | | | | |
| Borrowings | - | - | 11,547 | - | - | 12,935 |
| Trade payable | - | - | 8,922 | - | - | 7,641 |
| Other financial liabilities | 1,696 | - | 1,565 | - | - | 1,418 |
| **Total financial liabilities** | **1,696** | **-** | **22,034** | **-** | **-** | **21,994** |

### i. Fair value hierarchy

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial asset** | | | | |
| **Financial Investments at FVOCI** | | | | |
| Listed equity investments | 9 | - | - | **9** |
| Unquoted equity investments | - | - | 186 | **186** |
| **Derivatives financial assets** | | | | |
| Foreign currency and interest rate swaps | - | - | - | **-** |
| **Total** | **9** | **-** | **186** | **195** |
| **Financial liabilities** | | | | |
| Borrowings | - | - | 11,547 | **11,547** |
| Other financial liabilities | - | 1,696 | 181 | **1,877** |
| **Total financial liabilities** | **-** | **1,696** | **11,728** | **13,424** |

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2017

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial asset** | | | | |
| **Financial Investments at FVOCI** | | | | |
| Listed equity investments | 8 | - | - | **8** |
| Unquoted equity investments | - | - | 207 | **207** |
| Derivatives financial assets | | | | |
| Foreign currency and interest rate swaps | - | 74 | - | **74** |
| **Total** | **8** | **74** | **207** | **289** |
| Financial liabilities | | | | |
| Borrowings | - | - | 12,935 | **12,935** |
| Other financial liabilities | - | - | 194 | **194** |
| **Total financial liabilities** | **-** | **-** | **13,129** | **13,129** |

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

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

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

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

**ii. Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

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

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

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

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

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

The following table presents the changes in level 3 items for the periods ended March 31, 2018 and March 31, 2017:

| | Unquoted equity instruments |
|---|---|
| **As at March 31, 2016** | **231** |
| Additions during the year | 2 |
| Disposals during the year | (46) |
| Gains/(losses) recognised in other comprehensive income | 20 |
| **As at March 31, 2017** | **207** |
| Additions during the year | - |
| Disposals during the year | - |
| Gains/(losses) recognised in other comprehensive income | (21) |
| **As at March 31, 2018** | **186** |

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | |
| Loan to employees [1] | 48 | 48 | 38 | 38 |
| | **48** | **48** | **38** | **38** |
| **Financial liabilities** | | | | |
| Borrowings [2] | 11,027 | 11,027 | 11,543 | 11,543 |
| Other financial liabilities [1] | 181 | 181 | 194 | 194 |
| | **11,208** | **11,208** | **11,737** | **11,737** |

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

[2] During the year ended March 31, 2017 loan amounting to ₹ 10,975 million was taken at market rates. Loan amounting to ₹ 5,724 million as at March 31, 2018 (March 31, 2017: ₹ 568 million) carries floating rate of interest and hence are adjusted to current market rates. The Company has taken interest rate swap for the borrowing with fixed interest rate amounting to ₹ 5,750 million, because of this, effective finance cost to the company is at current market rate.

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

**v. Valuation inputs and relationships to fair value**

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

| | Fair Value as at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Unquoted equity instruments | 186 | 207 |
| **Significant unobservable inputs[1]** | | |
| Earnings growth rate | 5% | 3% |
| Risk adjusted discount rate | 16% | 15% |
| **Sensitivity** | | |
| **Impact of change in risk adjusted discount rate[2]** | | |
| Decrease in discount rate by 0.50% | 13 | 10 |
| Increase in discount rate by 0.50% | (12) | (9) |
| **Impact of change in earnings growth rate[2]** | | |
| Decrease in growth rate by 0.50% | (10) | (6) |
| Increase in growth rate by 0.50% | 11 | 7 |

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

[2] Holding all the other variables constant

**36(a) Financial risk management**

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

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

Below are the major risks which can impact the Company:

**A Market risk:**

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

**a. Price risk:**

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

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

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

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

**b. Foreign currency risk:**

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

The hedged and unhedged foreign currency exposure is as follows:

**(i) Derivatives outstanding as at the reporting date**

| Particulars/ Purpose | Currency | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|
| Hedge of external commercial borrowings and long term loans (Buy) | USD : INR | - | USD 0; INR 32 |
| Cross currency swap | USD : EUR | USD 80; EUR 74 | USD 80; EUR 74 |
| | INR : EUR | INR 5,750; EUR 81 | INR 5,750; EUR 81 |

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Payable / (Receivable) | | Payable / (Receivable) | |
| | Amount in Foreign currency | Amount in ₹ | Amount in Foreign currency | Amount in ₹ |
| AUD | (0) | (13) | (0) | (17) |
| CHF | 0 | 8 | 0 | 3 |
| EUR | (6) | (467) | 2 | 157 |
| GBP | (0) | (9) | 0 | 7 |
| JPY | 2,043 | 1,259 | 1,788 | 1,046 |
| SEK | 0 | 0 | - | - |
| SGD | 0 | 5 | 0 | 6 |
| THB | 11 | 23 | 21 | 40 |
| USD | 102 | 6,669 | 114 | 7,445 |
| AED | (0) | (2) | - | - |

**Foreign currency sensitivity on unhedged exposure**

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

| | Impact on profit before tax | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Increase by 1% in forex rate | (75) | (87) |
| Decrease by 1% in forex rate | 75 | 87 |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Mark to Market losses/(gain) on cross currency interest rate swaps | 1,770 | (55) |

**c. Interest rate risk:**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During March 31, 2018 and March 31, 2017, the Company's borrowings at variable rate were mainly denominated in ₹ and USD.

**(i) Interest rate risk exposure**

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Variable rate borrowings | 5,740 | 7,134 |
| Fixed rate borrowings | 5,807 | 5,801 |
| **Total borrowings** | **11,547** | **12,935** |

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

**(ii) Sensitivity analysis**

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

| | Impact on profit before tax | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Interest rates-increase by 50 basis points* | (29) | (35) |
| Interest rates-decrease by 50 basis points* | 29 | 35 |

* Holding all other variables constant

**B Credit risk:**

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

**Trade receivables**

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

**Financial instruments and cash deposits**

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

**C Liquidity risk:**

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

**(i) Financing arrangements**

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Floating rate | | |
| - Expiring within one year (cash credit and other facilities) | 5,984 | 7,714 |

**(ii) Maturities of financial liabilities**

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

| | Upto 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Year Ended March 31, 2018** | | | | |
| Non-derivatives | | | | |
| Borrowings | 602 | 11,283 | - | **11,885** |
| Trade payables | 8,922 | - | - | **8,922** |
| Other financial liabilities | 3,080 | 181 | - | **3,261** |
| **Total non-derivative liabilities** | **12,604** | **11,464** | **-** | **24,068** |
| | | | | |
| **Year Ended March 31, 2017** | | | | |
| Non-derivatives | | | | |
| Borrowings | 1,480 | 11,749 | 91 | **13,320** |
| Trade payables | 7,807 | - | - | **7,807** |
| Other financial liabilities | 1,058 | 194 | - | **1,252** |
| **Total non-derivative liabilities** | **10,345** | **11,943** | **91** | **22,379** |

**36(b) Details related to hedging instrument for March 31, 2018:**

| Fair value hedge | | Nominal amount of the hedging instrument | Carrying amount of hedging instrument | | Line item in balance sheet where hedging instrument is disclosed | Change in fair value for calculating hedge ineffectiveness |
|---|---|---|---|---|---|---|
| | | | Assets | Liabilities | | |
| (i) | Cross currency interest rate swap | USD 80; EUR 74 | - | 805 | Other financial liabilities | 800 |
| | | INR 5,750; EUR 81 | - | 891 | | 915 |
| (ii) | Loan | USD 80 | - | 5,214 | Non-current borrowings | 26 |
| | | INR 5,750 | - | 5,750 | | - |

**(c) Details related to hedged item for March 31, 2018:**

| Fair value hedge | Carrying amount of hedged item | | Accumulated amount of fair value adjustments on the hedged item included in the carrying amount of the hedged item | | Line item in balance sheet where hedging item is disclosed | Change in value used for calculating hedge ineffective-ness | Accumulated amount of fair value adjustments on the hedged item included in the carrying amount of hedged item that have ceased to be adjusted for hedging gains and losses |
|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | | |
| (i) Investment | 14,298 | | 1,579 | - | Non-current investments | 1,579 | - |

**Details of impact of fair value hedge on statement of profit and loss for year ended on 31 March 2018:**

| Fair value hedge | Ineffectiveness recognized in profit or loss | Line items in profit and loss |
|---|---|---|
| (i) Investment | 162 | Finance cost |

## 37 Capital management

### (a) Risk management

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

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

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Net Debt | 10,525 | 11,070 |
| EBITDA | 14,723 | 13,828 |
| **Net Debt to EBITDA** | **0.71** | **0.80** |

**(b) Loan covenants**

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

**(c) Dividends**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **On Equity shares of ₹ 1 each** | | |
| **Final dividend** | | |
| Amount of dividend paid (pertains to March 31, 2017) | 4,210 | - |
| Dividend per equity share | 2.0 | - |

**38 Related Party Disclosures**

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

**a. Promoters / Entities with joint control over the entity**

| | Name | Place of incorporation | Ownership interest March 31, 2018 | Ownership interest March 31, 2017 |
|---|---|---|---|---|
| 1 | Samvardhana Motherson International Limited | India | 33.43% | 34.81% |
| 2 | Sumitomo Wiring Systems Limited, Japan | Japan | 25.10% | 25.10% |

**Relationship where control exists**

**b. Subsidiaries of the Company**

1 MSSL Mauritius Holdings Limited (MMHL)
2 Motherson Electrical Wires Lanka Private Limited
3 MSSL Mideast (FZE)
4 MSSL (S) Pte Limited
5 MSSL Automobile Component Limited
6 Samvardhana Motherson Polymers Limited (SMPL)
7 Motherson Polymers Compounding Solution Limited
8 MSSL (GB) Limited
9 Motherson Wiring System (FZE)
10 MSSL Tooling (FZE)
11 MSSL GmbH
12 Samvardhana Motherson Invest Deutschland GmbH
13 MSSL Advanced Polymers s.r.o.
14 Motherson Techno Precision GmbH (formerly known as Motherson Orca Precision Technology GmbH)
15 MSSL s.r.l. Unipersonale
16 Samvardhana Motherson Polymers Management Germany GmbH
17 Motherson Techno Precision México, S.A. de C.V
18 MSSL Manufacturing Hungary Kft
19 Motherson Air Travel Pvt Ltd (incorporated on August 22, 2017)
20 MSSL Australia Pty Limited
21 Motherson Elastomers Pty Limited
22 Motherson Investments Pty Limited
23 MSSL Ireland Private Limited
24 MSSL Global RSA Module Engineering Limited

25 MSSL Japan Limited
26 Vacuform 2000 (Proprietary) Limited
27 MSSL México, S.A. De C.V.
28 MSSL WH System (Thailand) Co., Ltd
29 MSSL Korea WH Limited
30 MSSL Consolidated Inc.
31 MSSL Overseas Wiring System Ltd.
32 MSSL Wiring System Inc
33 Alphabet de Mexico, S.A. de C.V.
34 Alphabet de Mexico de Monclova, S.A. de C.V.
35 Alphabet de Saltillo, S.A. de C.V.
36 MSSL Wirings Juarez, S.A. de C.V.
37 Samvardhana Motherson Global Holdings Ltd.
38 Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV)
39 Samvardhana Motherson Reflectec Group Holdings Limited (SMR)
40 SMR Automotive Technology Holding Cyprus Limited
41 SMR Automotive Mirror Parts and Holdings UK Ltd
42 SMR Automotive Holding Hong Kong Limited
43 SMR Automotive Systems India Limited
44 SMR Automotive Systems France S.A.
45 SMR Automotive Mirror Technology Holding Hungary KFT
46 SMR Patents S.à.r.l.
47 SMR Automotive Technology Valencia S.A.U.
48 SMR Automotive Mirrors UK Limited
49 SMR Automotive Mirror International USA Inc.
50 SMR Automotive Systems USA Inc.
51 SMR Automotive Beijing Company Limited
52 SMR Automotive Yancheng Co. Limited
53 SMR Automotive Mirror Systems Holding Deutschland GmbH
54 SMR Holding Australia Pty Limited
55 SMR Automotive Australia Pty Limited
56 SMR Automotive Mirror Technology Hungary BT
57 SMR Automotive Modules Korea Ltd.
58 SMR Automotive Beteiligungen Deutschland GmbH
59 SMR Hyosang Automotive Ltd.
60 SMR Automotive Mirrors Stuttgart GmbH
61 SMR Automotive Systems Spain S.A.U.
62 SMR Automotive Vision Systems Mexico S.A. de C.V.
63 SMR Automotive Servicios Mexico S.A. de C.V.
64 SMR Grundbesitz GmbH & Co. KG
65 SMR Automotive Brasil Ltda.
66 SMR Automotive System (Thailand) Limited
67 SMR Automotives Systems Macedonia Dooel Skopje
68 SMR Automotive Operations Japan K.K.
69 SMR Automotive (Langfang) Co. Ltd
70 SMR Automotive Vision System Operations USA INC

71 SMR Mirror UK Limited
72 Motherson Innovations Company Limited
73 Motherson Innovations Deutschland GmbH
74 Samvardhana Motherson Global (FZE)
75 SMR Automotive Industries RUS Limited Liability Company
76 Samvardhana Motherson Peguform GmbH (SMP)
77 SMP Automotive Interiors (Beijing) Co. Ltd.
78 SMP Deutschland GmbH
79 SMP Logistik Service GmbH
80 SMP Automotive Solutions Slovakia s.r.o.
81 Changchun Peguform Automotive Plastics Technology Co., Ltd.
82 Foshan Peguform Automotive Plastics Technology Co., Ltd.
83 Shenyang SMP Automotive Components Co. Ltd. (incorporated on August 22, 2017)
84 Tianjin SMP Automotive Component Company Limited (incorporated on March 06, 2018)
85 SMP Automotive Technology Management Services (Changchun) Co. Ltd.
86 SMP Automotive Technology Iberica S.L.
87 Samvardhana Motherson Peguform Barcelona S.L.U
88 SMP Automotive Technologies Teruel Sociedad Limitada
89 Samvardhana Motherson Peguform Automotive Technology Portugal S.A.
90 SMP Automotive Systems Mexico S.A. de C.V.
91 SMP Automotive Produtos Automotivos do Brasil Ltda.
92 SMP Automotive Exterior GmbH
93 Samvardhana Motherson Innovative Autosystems B.V. & Co. KG
94 Samvardhana Motherson Innovative Autosystems Holding Company BV
95 SM Real Estate GmbH
96 Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V.
97 SMP Automotive Systems Alabama Inc.
98 Celulosa Fabril S.A.
99 Modulos Ribera Alta S.L.Unipersonal
100 Motherson Innovations Lights GmbH & Co KG
101 Motherson Innovations Lights Verwaltungs GmbH
102 MSSL Estonia WH OÜ
103 PKC Group Plc
104 PKC Wiring Systems Oy
105 PKC Netherlands Holding B.V.
106 PKC Group Poland Sp. z o.o.
107 PKC Wiring Systems Llc
108 PKC Group APAC Limited
109 PKC Group Canada Inc.
110 PKC Group USA Inc.
111 PKC Group Mexico S.A. de C.V.
112 Project del Holding S.a.r.l.
113 PK Cables do Brasil Ltda
114 PKC Eesti AS
115 TKV-sarjat Oy
116 PKC SEGU Systemelektrik GmbH

117 PK Cables Nederland B.V.
118 Groclin Luxembourg S.à r.l.
119 PKC Vehicle Technology (Suzhou) Co., Ltd.
120 AEES Inc.
121 PKC Group Lithuania UAB
122 PKC Group Poland Holding Sp. z o.o.
123 OOO AEK
124 Kabel-Technik-Polska Sp. z o.o.
125 T.I.C.S. Corporation
126 AEES Power Systems Limited partnership
127 Fortitude Industries Inc.
128 AEES Manufactuera, S. De R.L de C.V.
129 Cableodos del Norte II, S. de R.L de C.V.
130 Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V.
131 Arneses y Accesorios de México, S. de R.L de C.V.
132 Asesoria Mexicana Empresarial, S. de R.L de C.V.
133 Arneses de Ciudad Juarez, S. de R.L de C.V.
134 PKC Group de Piedras Negras, S. de R.L. de C.V.
135 PKC Group AEES Commercial S. de R.L de C.V
136 Jiangsu Huakai-PKC Wire Harness Co., Ltd.
137 PKC Vechicle Technology (Hefei) Co, Ltd.
138 Shangdong Huakai-PKC Wire Harness Co., Ltd.
139 Global Environment Management (FZC)[1]
140 Global Environment Management Australia Pty Limited [1]

**c. Joint Ventures:**

1 Kyungshin Industrial Motherson Private Limited
2 Calsonic Kansei Motherson Auto Products Private Limited
3 Ningbo SMR Huaxiang Automotive Mirrors Co. Limited (Indirectly through Subsidiary)
4 Chongqing SMR Huaxiang Automotive Products Limited (Indirectly through Subsidiary)
5 Eissmann SMP Automotive Interieur Slovensko s.r.o (Indirectly through Subsidiary)

**d. Associate Companies:**

1 Saks Ancillaries Limited
2 Re-time Pty Limited
3 Hubei Zhengao PKC Automotive Wiring Company Ltd. (incorporated on August 01, 2017)

**II. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in 38 (I) above:**

**(a) Key management personnel compensation**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Short-term employee benefits | 43 | 47 |
| Post-employment benefits | 34 | 32 |
| Long-term employee benefits | 12 | 14 |
| Directors commission/sitting fees | 20 | 20 |
| **Total compensation** | **109** | **113** |

(All amounts in ₹ Million, unless otherwise stated)

## (b) Transactions with related parties

| S. No. | Particulars | Subsidiaries | | Joint ventures | | Associate Companies | | Key Management personnel | | Joint control over the entity | | Other related parties | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| 1 | Sale of products | 5,185 | 4,954 | 1,133 | 1,007 | - | - | - | - | 3 | 76 | 265 | 177 |
| 2 | Sales of services | 92 | 67 | 628 | 410 | - | - | - | - | 10 | 0 | 13 | 10 |
| 3 | Rent income | - | - | 28 | 33 | - | - | - | - | - | - | 22 | 27 |
| 4 | Sale of fixed assets | 0 | - | - | - | - | - | - | - | - | - | - | 15 |
| 5 | Purchase of goods | 1,429 | 965 | 12 | 11 | - | - | - | - | 5,819 | 5,290 | 1,703 | 2,220 |
| 6 | Purchase of fixed assets | 16 | 12 | - | - | - | - | - | - | 108 | 103 | 1,283 | 940 |
| 7 | Purchase of services | 162 | 106 | 1 | 0 | - | - | - | - | 57 | 86 | 1,244 | 1,139 |
| 8 | Rent expense | - | - | - | - | - | - | 5 * | 5 * | 10 | 3 | 715 | 503 |
| 9 | Reimbursement made | 133 | 107 | 2 | 0 | - | - | 0 | 0 | 10 | 1 | 30 | 44 |
| 10 | Reimbursement received | 54 | 52 | 1 | 1 | - | - | - | - | 1 | 1 | 5 | 9 |
| 11 | Investments made during the year | - | 37,605 | - | - | - | - | - | - | - | - | - | - |
| 12 | Investments redeemed/ sale of shares | - | 65 | - | - | - | - | - | - | - | - | - | 45 |
| 13 | Royalty | - | - | - | - | - | - | - | - | 82 | 327 | - | - |
| 14 | Dividend paid | - | - | - | - | - | - | 120 ** | - | 2,522 | - | 5 | - |
| 15 | Dividend received | 484 | - | 215 | 172 | - | - | - | - | - | - | 2 | - |
| 16 | Shares issued during the year | - | - | - | - | - | - | - | - | - | 5,631 | - | - |
| 17 | Guarantee given during the year | - | 5,524 | - | - | - | - | - | - | - | - | - | - |

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

| S. No. | Particulars | Subsidiaries | | Joint ventures | | Associate Companies | | Key Management personnel | | Joint control over the entity | | Other related parties | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| 1 | Trade Payable | 299 | 215 | 2 | 2 | - | - | - | 14 | 1,106 | 1,245 | 598 | 536 |
| 2 | Trade Receivable | 1,248 | 819 | 167 | 107 | - | - | - | - | 1 | 2 | 81 | 42 |
| 3 | Advances recoverable | 23 | 212 | - | - | - | - | - | - | 0 | - | 341 | 328 |
| 4 | Advances from customer | 22 | 32 | - | 0 | - | - | - | - | - | 0 | 0 | 0 |
| 5 | Investments | 44,317 | 44,317 | 486 | 486 | 11 | 11 | - | - | - | - | 14 | 205 |
| 6 | Guarantees given | 6,424 | 6,861 | - | - | - | - | - | - | - | - | - | - |

**(d) Loans & advances to / from related parties**

| S. No. | Particulars | Subsidiaries | | Joint ventures | | Associate Companies | | Other related parties | |
|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **i.** | **Security deposits given:** | | | | | | | | |
| | **Beginning of the year** | - | - | - | - | - | - | 393 | 371 |
| | Security deposit given | - | - | - | - | - | - | 46 | 33 |
| | Security deposits received back | - | - | - | - | - | - | (12) | (11) |
| | **End of the year** | - | - | - | - | - | - | 427 | 393 |
| **ii.** | **Security Deposit Received:** | | | | | | | | |
| | **Beginning of the year** | - | - | 35 | 36 | - | - | 16 | 20 |
| | Security deposits received | - | - | - | - | - | - | - | - |
| | Security deposits repaid | - | - | - | (1) | - | - | - | (4) |
| | **End of the year** | - | - | 35 | 35 | - | - | 16 | 16 |
| **iii.** | **Loans given** | | | | | | | | |
| | **Beginning of the year** | 10 | 102 | - | 51 | - | - | - | - |
| | Loans given | - | 10 | - | - | - | - | - | - |
| | Interest charged | 1 | 7 | - | 5 | - | - | - | - |
| | Interest received | - | (7) | - | (5) | - | - | - | - |
| | Loans received back | - | (102) | - | (51) | - | - | - | - |
| | **End of the year** | 11 | 10 | - | - | - | - | - | - |

[1] During the year one of the joint venture has been converted into subsidiary by way of purchase of share of JV Partner.

The Company has given letter of support to its subsidiary Global Environment Management Australia Pty Ltd. to enable it to continue their operations.

* Rent of ₹ 5 million (March 31, 2017: ₹ 5 million) paid to Mr. V.C Sehgal, Mr. Laksh Vaaman Sehgal, Ms. Renu Sehgal, and Ms. Vidhi Sehgal.

**Dividend of ₹ 120 million (March 31, 2017 : Nil) paid to Mr. V. C. Sehgal, Mr. Laksh Vaaman Sehgal, Ms. Renu Sehgal, Ms. Neelu Mehra, Ms. Geeta Soni, Mr. Pankaj Mital, Mr. G.N. Gauba, and Ms. Geeta Mathur

## 39 Segment Information:

### Description of segments and principal activities

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

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

### A. Information about geographical areas:

The following information discloses revenue from external customers based on geographical areas:

i) Revenue from external customers

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| India | 68,185 | 61,633 |
| Outside India | 8,488 | 8,388 |
| | **76,673** | **70,021** |

ii) Segment Assets

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| India | 16,852 | 15,622 |
| Outside India | 2 | 0 |
| | **16,854** | **15,622** |

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Customer 1 | 26,347 | 24,407 |

## 40 Assets pledged as security

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

| | Notes | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **Current:** | | | |
| **Financial assets** | | | |
| **First charge** | | | |
| Cash and cash equivalents | 13(a) | 1,016 | 1,854 |
| Trade receivables | 8 | 9,250 | 8,115 |
| Inventory | 12 | 9,242 | 6,917 |
| Other current assets | | 3,532 | 4,735 |
| **Total current assets pledged as security** | | **23,040** | **21,621** |

| | Notes | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **Non Current:** | | | |
| **First charge** | | | |
| Freehold and leasehold land | 3 | 2,331 | 2,121 |
| Buildings and leasehold improvements | 3 | 6,346 | 5,910 |
| Plant & Machinery | 3 | 5,665 | 5,523 |
| Other items of PPE | 3 | 302 | 270 |
| Investment property | 4 | 822 | 592 |
| Non current investment | 6(a) | 24,705 | 24,705 |
| Capital advance | 11 | 132 | 95 |
| **Total non-current assets pledged as security** | | **40,303** | **39,216** |
| **Total assets pledged as security** | | **63,343** | **60,837** |

## 41 Capital and Other Commitments

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Property, plant and equipment** | | |
| Estimated value of contracts in capital account remaining to be executed, (Net of Advances of ₹ 275 million (March 31, 2017: ₹ 518 million)) | 1,391 | 653 |
| | | |
| **Investment property** | | |
| Estimated value of purchase consideration outstanding, (Net of Advances of ₹ 132 million (March 31, 2017: ₹ 95 million)) | 27 | 12 |
| **Total** | **1,418** | **665** |

**Other Commitments**

The Company has given corporate guarantee in respect of borrowings of:

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| i) | Subsidiary Companies | 6,424 | 6,861 |

## 42 Leases

### i. Operating Leases:

The Company has significant operating leases for land, premises, plant & machinery, vehicles and computers. These lease arrangements range for a period between 11 months and 15 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

The Company has taken various land, commercial premises, plant and machinery under non-cancellable operating leases. The future minimum lease payments are as follows:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Payable not later than 1 year | 9 | 4 |
| Payable later than 1 year and not later than 5 years | 16 | 13 |
| Payable later than 5 years | 7 | 6 |
| | **32** | **23** |

**With respect to all operating leases;**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Lease payments recognized in the Statement of Profit and Loss during the year | 705 | 600 |

**ii. Finance lease**

The Company has taken land on long term finance lease from various Government authorities in India.

The present value of minimum lease payments (MLP) under finance lease is as follows:

| Present value of future minimum lease payments | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Disclosed under long term borrowings | - | - |

**43 Contingent liabilities:**

Claims against the Company not acknowledged as debts

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| a) | Excise matters * | 25 | 42 |
| b) | Sales tax matters * | 26 | 38 |
| c) | Service tax matters | 35 | 39 |
| d) | Claims made by workmen | 39 | 34 |
| e) | Income tax matters | 123 | 155 |

* Against which Company has given bank guarantees amounting to ₹ 5 million (March 31, 2017 : ₹ 14 million)

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

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

**44** The Company enters into contracts for manufacturing and sale of tooling to various OEM's which are falling in the definition of Construction Contracts as per Ind AS 11. The net position of constructions contracts and amount due to/from customers for contract work comprises the following:

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| (i) | The amount of contract revenue recognized as revenue in the period. | 2,482 | 2,420 |
| (ii) | Disclosure for contracts in progress at the end of reporting period: | | |
| | The aggregate amount of costs incurred and recognised profits (less recognised losses) to date; | 1,526 | 1,669 |
| | The amount of advances received; | 1,214 | 737 |
| | The gross amount due from customers for contract work as an asset | 1,526 | 1,669 |

**45 Dues to micro, small and medium enterprises**

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

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 144 | 113 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 7 | 4 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 800 | 693 |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | 4 | 3 |
| Further interest remaining due and payable for earlier years | 4 | 2 |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Employee benefit expenses | 153 | 132 |
| Other expenses | 52 | 44 |
| Capital expenditure | 52 | 4 |

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

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Loan to Subsidiary : Samvardhana Motherson Polymer Limited | | |
| Balance as at year end | - | - |
| Maximum amount outstanding at any time during the year | - | 108 |
| | March 31, 2018 | March 31, 2017 |
| Loan to Joint Venture: Samvardhana Motherson Nippisun Technology Limited ( During the year 2016-17 converted into Subsidiary) | | |
| Balance as at year end | 10 | 10 |
| Maximum amount outstanding at any time during the year | 10 | 57 |

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

**48 Standard issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

**A Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was notified on March 28, 2018. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company from financial year 2018-19 (April 1, 2018) using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

**Impact:**

The preliminary impacts of Ind AS 115 on the Company's financial statements have been assessed as follows:

Essential concepts in Ind AS 115 have been analysed on revenue stream level. The Company's revenue streams mainly consists of sale of components and tools derived through contract with customers relating to wiring harness, polymers and rubber moulded parts, plastic components etc. Current revenue recognition in case of sale of components is based on transfer of risks and rewards to customer. In case of tooling revenue, the Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period by determining the level of completion on the basis of milestones achieved to date.

The Company has frame agreements with major customers defining terms and conditions for sales. Further, separate purchase orders are covered by frame agreement and as a rule they form a separate performance obligation for both sale of components and tools.

Based on preliminary analysis, timing of revenue recognition for sale of goods is not expected to change. Standard will increase disclosure information related to revenue recognition.

The Company generally provides for warranties for general repairs or replacements and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under Ind AS 115, which will continue to be accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

During FY 18-19, the Company will continue the analysis in more detailed level and implement the standard and will inform effects in a more detailed level during the year.

**B Transfers of Investment Property — Amendments to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 01, 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

**C Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

"Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 01, 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

(All amounts in ₹ Million, unless otherwise stated)

**49 Distribution made and proposed**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Cash dividends on equity shares declared and paid** | | |
| Final cash dividend for the year ended on March 31, 2017: ₹ 2.00 per share | 4,210 | - |
| DDT on final dividend* | 765 | - |
| **Proposed dividends on Equity shares** | | |
| Final cash dividend for the year ended on March 31, 2018: ₹ 2.25 per share (March 31, 2017: ₹ 2.00 per share) | 4,737 | 4,210 |
| DDT on proposed dividend | 964 | 858 |
| | **5,701** | **5,068** |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31.

* Amount of dividend distribution tax (DDT) is net of withholding tax credit on dividend received from subsidiary company

**50** During the year ended March 31, 2017, the Company allotted 17,762,460 equity shares and 62,884,827 equity shares of ₹ 1 each to Sumitomo Wiring Systems Japan and Qualified Institutional Buyers respectively at an issue price of ₹ 317 per equity share (including premium of ₹ 316 per equity share). Share issue expenses amounting to ₹ 288 million were charged to Securities Premium Account as per the provisions of Companies Act 2013.

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

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

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

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

Place : Noida
Date : May 23, 2018

# CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

To the Members of Motherson Sumi Systems Limited

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Motherson Sumi Systems Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Other Matter**

(a) We did not audit the financial statements and other financial information, in respect of 70 subsidiaries, whose financial statements include total assets of ₹ 649,111 million and net assets of ₹ 334,806 million as at March 31, 2018, and total revenues of ₹ 536,229 million and net cash outflows of ₹ 18,380 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports there of have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 426 million for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on the reports of such other auditors.

(b) The consolidated financial statements of the Group for the year ended March 31, 2017, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 19, 2017.

(c) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 51 subsidiaries, whose financial statements and other financial information reflect total assets of ₹ 79,824 million and net assets of ₹ 47,246 million and as at March 31, 2018, and total revenues of ₹ 8,221 million and net cash inflows of ₹ 181 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 18 million for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on such unaudited financial statement and other unaudited financial information, provided to us by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated

Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2018 of the Holding Company and a subsidiary company, the reports of the other auditors in respect of other entities audited by them and representation received from the management for entities un-audited, for all the entities incorporated in India, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures – Refer Note 44 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 37 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit in respect of its associates and joint ventures;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India during the year ended March 31, 2018.

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

per **Pankaj Chadha**
Partner
Membership Number: 091813

Place of Signature: Noida
Date: May 23, 2018

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MOTHERSON SUMI SYSTEMS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Motherson Sumi Systems Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Motherson Sumi Systems Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

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

**Opinion**

In our opinion, the Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 2 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such joint ventures incorporated in India and so far as it relates to the unaudited 3 subsidiaries company is based on representation received from the management. Our opinion is not qualified in respect of this matter.

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

per **Pankaj Chadha**
Partner
Membership Number: 091813

Place of Signature: Noida
Date: May 23, 2018

(All amounts in ₹ Million, unless otherwise stated)

# CONSOLIDATED BALANCE SHEET

| | Notes | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 101,365 | 80,777 |
| Capital work-in-progress | | 25,849 | 19,348 |
| Investment property | 4 | 1,313 | 896 |
| Goodwill | 5 | 22,643 | 19,376 |
| Other intangible assets | 5 | 21,802 | 20,877 |
| Investments accounted for using the equity method | 45 | 5,440 | 4,045 |
| Financial assets | | | |
| i. Investments | 6 (a) | 2,467 | 684 |
| ii. Loans | 7 | 48 | 58 |
| iii. Trade receivables | 8 | 9,465 | 6,532 |
| iv. Other financial assets | 9 | 182 | 434 |
| Deferred tax assets (net) | 10 (a) | 6,266 | 5,024 |
| Other non-current assets | 11 | 6,075 | 4,769 |
| Non-current tax assets (net) | 23 | 1,061 | 397 |
| **Total non-current assets** | | **203,976** | **163,217** |
| **Current assets** | | | |
| Inventories | 12 | 40,132 | 30,716 |
| Financial assets | | | |
| i. Investments | 6 (b) | 9 | 8 |
| ii. Trade receivables | 8 | 56,236 | 46,552 |
| iii. Cash and cash equivalents | 13(a) | 27,706 | 48,772 |
| iv. Bank balances other than (iii) above | 13(b) | 109 | 94 |
| v. Loans | 7 | 416 | 652 |
| vi. Other financial assets | 9 | 37,136 | 23,469 |
| Other current assets | 14 | 9,257 | 10,217 |
| **Total current assets** | | **171,001** | **160,480** |
| **Total assets** | | **374,977** | **323,697** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 2,105 | 1,404 |
| **Other equity** | | | |
| Reserves and surplus | 16 (a) | 93,042 | 82,797 |
| Other reserves | 16 (b) | 3,694 | (1,474) |
| **Equity attributable to owners of the Company** | | **98,841** | **82,727** |
| Non controlling interests | | 29,600 | 22,322 |
| **Total equity** | | **128,441** | **105,049** |

(All amounts in ₹ Million, unless otherwise stated)

| | Notes | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| Financial Liabilities | | | |
| i. Borrowings | 17 (a) | 75,701 | 94,440 |
| ii. Other financial liabilities | 18 | 2,449 | 216 |
| Provisions | 20 | 294 | 226 |
| Employee benefit obligations | 21 | 2,620 | 1,943 |
| Deferred tax liabilities (net) | 10 (b) | 5,236 | 4,260 |
| Government grants | 22 | 1,934 | 1,228 |
| Other non-current liabilities | 24 (a) | 4,960 | 2,508 |
| **Total non-current liabilities** | | **93,194** | **104,821** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| i. Borrowings | 17 (b) | 19,068 | 6,978 |
| ii. Trade payables | 19 | 90,640 | 73,003 |
| iii. Other financial liabilities | 18 | 22,101 | 14,695 |
| Provisions | 20 | 1,329 | 1,402 |
| Employee benefit obligations | 21 | 508 | 561 |
| Government grants | 22 | 110 | 48 |
| Current tax liabilities (net) | 23 | 2,261 | 1,629 |
| Other current liabilities | 24 (b) | 17,325 | 15,511 |
| **Total current liabilities** | | **153,342** | **113,827** |
| **Total liabilities** | | **246,536** | **218,648** |
| **Total equity and liabilities** | | **374,977** | **323,697** |
| Summary of significant accounting policies | 2 | | |

This is the consolidated Balance Sheet referred to in our report of even date

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

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

Place : Noida
Date : May 23, 2018

The above consolidated balance sheet should be read in conjunction with the accompanying notes

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

(All amounts in ₹ Million, unless otherwise stated)

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| | Notes | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 25 | 565,213 | 431,570 |
| Other income | 26 | 1,701 | 2,642 |
| **Total income** | | **566,914** | **434,212** |
| **Expenses** | | | |
| Cost of materials consumed | 27 | 341,742 | 254,621 |
| Purchase of stock-in-trade | | 3,654 | 2,954 |
| Change in inventories of finished goods, work-in-progress and stock in trade | 28 | (2,275) | (68) |
| Excise duty | | 2,280 | 7,815 |
| Employee benefit expense | 29 | 110,678 | 80,909 |
| Depreciation and amortisation expense | 32 | 15,752 | 10,591 |
| Finance costs | 31 | 4,108 | 3,749 |
| Other expenses | 30 | 57,908 | 43,671 |
| **Total expenses** | | **533,847** | **404,242** |
| **Profit before exceptional items, share of net profit of investments accounted for using equity method and tax** | | **33,067** | **29,970** |
| Group's share in net profit / (loss) of associates and joint ventures accounted for using the equity method | | 1,381 | 1,831 |
| Exceptional items (income)/ expense | 33 | 1,777 | 974 |
| **Profit before tax** | | **32,671** | **30,827** |
| **Tax expenses** | | | |
| Current tax | 34 | 10,016 | 8,627 |
| Deferred tax expense/ (credit) | | 56 | 476 |
| **Total tax expense** | | **10,072** | **9,103** |
| **Profit for the year** | | **22,599** | **21,724** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Exchange differences on translation of foreign operations | | 8,071 | (3,026) |
| Deferred gain / (losses) on cash flow hedges | | (1,846) | (171) |
| | | **6,225** | **(3,197)** |
| Income tax on items that may be reclassified to profit or loss | | 549 | 0 |
| | | **6,774** | **(3,197)** |
| **Items that will not be reclassified to profit or loss** | | | |
| Changes in fair value of FVOCI equity instruments | | (48) | 21 |
| Remeasurements of post-employment benefit obligations | | (34) | (165) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | | (2) | (3) |
| | | **(84)** | **(147)** |
| Income tax relating to items that will not be reclassified to profit or loss | | 19 | 44 |
| | | **(65)** | **(103)** |
| **Other comprehensive income for the year, net of tax** | | **6,709** | **(3,300)** |
| **Total comprehensive income for the year** | | **29,308** | **18,424** |

(All amounts in ₹ Million, unless otherwise stated)

| | Notes | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **Profit attributable to:** | | | |
| Owners | | 15,970 | 15,543 |
| Non-controlling interest | | 6,629 | 6,181 |
| | | **22,599** | **21,724** |
| **Other comprehensive income attributable to:** | | | |
| Owners | | 5,148 | (2,252) |
| Non-controlling interest | | 1,561 | (1,048) |
| | | **6,709** | **(3,300)** |
| **Total comprehensive income attributable to:** | | | |
| Owners | | 21,118 | 13,291 |
| Non-controlling interest | | 8,190 | 5,133 |
| | | **29,308** | **18,424** |
| **Earnings per share** | 35 | | |
| Nominal value per share: ₹ 1 (Previous year : ₹ 1) | | | |
| Basic | | 7.59 | 7.58 |
| Diluted | | 7.59 | 7.58 |
| Summary of significant accounting policies | 2 | | |

This is the consolidated Statement of Profit and Loss referred to in our report of even date

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

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

Place : Noida
Date : May 23, 2018

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in ₹ Million, unless otherwise stated)

## A. Equity share capital

| | Notes | Amount |
|---|---|---|
| **As at April 01, 2016** | | **1,323** |
| Issue of equity share capital | 15 | 81 |
| **As at March 31, 2017** | | **1,404** |
| Issue of equity share capital | 15 | 702 |
| **As at March 31, 2018** | | **2,105** |

## B. Other equity

| | Notes | Reserves and Surplus | | | | | Items of OCI | | | Total attributable to Owners | Non Controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital reserve on consolidation | Securities premium reserve | Reserve on amalgamation | General Reserve | Retained Earnings | FVOCI equity instrument | Foreign currency translation reserve | Cash flow hedging reserve | | | |
| **Balance as at April 01, 2016** | | **1,336** | **2,862** | **1,663** | **3,430** | **32,661** | **167** | **538** | **(9)** | **42,648** | **15,123** | **57,771** |
| Profit for the year | | - | - | - | - | 15,543 | - | - | - | **15,543** | 6,181 | **21,724** |
| Other comprehensive income | | - | - | - | - | (116) | 16 | (2,086) | (66) | **(2,252)** | (1,048) | **(3,300)** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **-** | **15,427** | **16** | **(2,086)** | **(66)** | **13,291** | **5,133** | **18,424** |
| Issue of equity shares , net of transaction costs | 16 | - | 25,196 | - | - | - | - | - | - | **25,196** | - | **25,196** |
| Transfer to retained earning on sale of equity instruments | | - | - | - | - | 34 | (34) | - | - | **-** | - | **-** |
| Addition on acquisition of majority control over board of directors of a joint venture entity | | - | - | - | - | 292 | - | - | - | **292** | 2,157 | **2,449** |
| Addition on account of acquisition (restated) | 48 A | - | - | - | - | - | - | - | - | **-** | 1,179 | **1,179** |
| Buyback of shares from minority share holders | 45 C | - | - | - | - | (128) | - | - | - | **(128)** | (550) | **(678)** |
| Dividend to non controlling interest | 45 B | - | - | - | - | - | - | - | - | **-** | (810) | **(810)** |
| Additional contribution by Non controlling interest | | - | - | - | - | - | - | - | - | **-** | 104 | **104** |
| Other addition / (deletion) | | - | - | - | - | 24 | - | - | - | **24** | (14) | **10** |
| **Balance at March 31, 2017** | | **1,336** | **28,058** | **1,663** | **3,430** | **48,310** | **149** | **(1,548)** | **(75)** | **81,323** | **22,322** | **103,645** |
| Profit for the year | | - | - | - | - | 15,970 | - | - | - | **15,970** | 6,629 | **22,599** |
| Other comprehensive income | | - | - | - | - | (20) | (43) | 6,380 | (1,169) | **5,148** | 1,561 | **6,709** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **-** | **15,950** | **(43)** | **6,380** | **(1,169)** | **21,118** | **8,190** | **29,308** |

(All amounts in ₹ Million, unless otherwise stated)

| | Notes | Reserves and Surplus | | | | | Items of OCI | | | Total attributable to Owners | Non Controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital reserve on consolidation | Securities premium reserve | Reserve on amalgamation | General Reserve | Retained Earnings | FVOCI equity instrument | Foreign currency translation reserve | Cash flow hedging reserve | | | |
| Bonus Issue | 16 | - | (702) | - | - | - | - | - | - | **(702)** | - | **(702)** |
| Transfer to retained earning | | (81) | - | - | - | 81 | (0) | - | - | **0** | - | **0** |
| Dividend paid | 16 (a) | - | - | - | - | (4,210) | - | - | - | **(4,210)** | - | **(4,210)** |
| Tax on Dividend | 16 (a) | - | - | - | - | (817) | - | - | - | **(817)** | - | **(817)** |
| Transfer to employee fund | 16 (a) | - | - | - | - | (15) | - | - | - | **(15)** | (25) | **(40)** |
| Addition on acquisition of joint venture entity | | - | - | - | - | 65 | - | - | - | **65** | - | **65** |
| Buyback of shares from minority share holders | 45 C | - | - | - | - | (15) | - | - | - | **(15)** | 10 | **(5)** |
| Dividend to non controlling interest | 45 B | - | - | - | - | - | - | - | - | **-** | (1,268) | **(1,268)** |
| Additional contribution by Non controlling interest | | - | - | - | - | - | - | - | - | **-** | 376 | **376** |
| Other addition / (deletion) | | - | - | - | - | (11) | - | - | - | **(11)** | (5) | **(16)** |
| **Balance at March 31, 2018** | | **1,255** | **27,356** | **1,663** | **3,430** | **59,338** | **106** | **4,832** | **(1,244)** | **96,736** | **29,600** | **126,336** |
| Summary of significant accounting policies | 2 | | | | | | | | | | | |

This is the consolidated Statement of changes in equity referred to in our report of even date

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

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

Place : Noida
Date : May 23, 2018

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

(All amounts in ₹ Million, unless otherwise stated)

# CONSOLIDATED CASH FLOW STATEMENT

| | | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities:** | | |
| | Profit before tax and exceptional expenses | 34,448 | 31,801 |
| | **Adjustments for:** | | |
| | Share of (profit)/loss in associates and joint ventures accounted for using the equity method | (1,381) | (1,831) |
| | Depreciation & Amortisation | 15,752 | 10,591 |
| | Finance cost | 4,108 | 3,749 |
| | Interest income | (331) | (425) |
| | Dividend income | (14) | (0) |
| | Loss/ (gain) on disposal of property, plant & equipment | 59 | 44 |
| | Gain on sale of Investments | - | (780) |
| | Gain on step-up of previously held equity interest in joint venture | - | (466) |
| | Bad debts / advances written off | 40 | 110 |
| | Provision for doubtful debts / advances | 196 | 140 |
| | Liability no longer required written back | (149) | (220) |
| | Provision for employee benefits | 475 | 325 |
| | Provision for warranty | 327 | (116) |
| | Unrealised foreign currency loss/(gain) | 4,225 | (2,162) |
| | **Operating profit before working capital changes** | **57,755** | **40,760** |
| | **Changes in working capital:** | | |
| | Increase/(decrease) in trade and other payables | 20,817 | 19,429 |
| | Increase/(decrease) in other financial liabilities | 1,650 | (567) |
| | (Increase)/decrease in trade receivables | (12,601) | (9,465) |
| | (Increase)/decrease in inventories | (9,142) | (167) |
| | (Increase)/decrease in other receivables | (592) | (1,821) |
| | (Increase)/decrease in other financial assets | (13,422) | (765) |
| | **Cash generated from operations** | **44,465** | **47,404** |
| | Taxes (paid) / received | (10,048) | (8,433) |
| | **Net cash generated from operations before exceptional items** | **34,417** | **38,971** |
| | Exceptional Item (expense)/ income | (1,777) | (974) |
| | **Net cash generated from operating activities** | **32,640** | **37,997** |
| **B.** | **Cash flow from Investing activities:** | | |
| | Payments for purchase of property, plant & equipment and other intangible assets | (30,621) | (28,086) |
| | Proceeds from sale of property, plant & equipment and other intangible assets | 313 | 297 |
| | Proceeds from sale / (payment for purchase) of investments | (1,651) | 778 |
| | Loan (to)/repaid by related parties (net) | 286 | (285) |
| | Interest received | 339 | 395 |
| | Dividend received | 14 | 0 |
| | Dividend received from associates & joint venture entities | 610 | 817 |
| | (Investment)/Proceeds from maturity of deposits with original maturity for more than 12 months | (1) | (46) |
| | Acquisition of non-controlling interests (Refer Note 45 (C) ) | (5) | (678) |
| | Consideration paid on acquisition of subsidiaries (Refer Note 47) | (616) | (40,453) |
| | Consideration paid on acquisition of associates | (609) | - |
| | **Net cash generated/(used) in investing activities** | **(31,941)** | **(67,261)** |

(All amounts in ₹ Million, unless otherwise stated)

| | | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **C.** | **Cash flow from financing activities:** | | |
| | Proceeds from issues of shares | - | 25,277 |
| | Proceeds from minority shareholders | 378 | 104 |
| | Dividend paid | (4,203) | (16) |
| | Dividend distribution tax | (817) | - |
| | Dividend paid to minority share holders | (1,312) | (810) |
| | Interest paid | (3,944) | (3,471) |
| | Consideration paid for buy out of minority shareholders of PKC Group Plc. | (2,845) | - |
| | Proceeds from long term borrowings | 25,369 | 46,408 |
| | Proceeds from short term borrowings | 57,307 | 16,652 |
| | Repayment of long term borrowings | (45,648) | (7,119) |
| | Repayment of short term borrowings | (46,499) | (21,849) |
| | **Net cash generated/(used) in financing activities** | **(22,214)** | **55,175** |
| | **Net Increase/(Decrease) in Cash & Cash Equivalents** | **(21,515)** | **25,912** |
| | Net Cash and Cash equivalents at the beginning of the year | 48,772 | 17,656 |
| | Cash and cash equivalents acquired consequent to acquisition of PKC, Kobek & CEFA (Refer Note 47) | - | 5,808 |
| | **Cash and cash equivalents as at year end** | **27,257** | **49,376** |
| | **Cash and cash equivalents comprise** | | |
| | Cash on hand | 32 | 28 |
| | Cheques / drafts on hand | 316 | 128 |
| | Balance with Banks | 27,358 | 48,616 |
| | **Cash and cash equivalents as per Balance Sheet (restated)** | **27,706** | **48,772** |
| | **Net foreign exchange difference on balance with banks in foreign currency** | **(449)** | **604** |
| | **Total** | **27,257** | **49,376** |
| | Summary of significant accounting policies (Note 2) | | |

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

This is the Consolidated Cash Flow Statement referred to in our report of even date

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

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

Place : Noida
Date : May 23, 2018

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

**1. Corporate Information**

The consolidated financial statements comprise financial statements of Motherson Sumi Systems Limited (MSSL or 'the Company') and its subsidiaries (hereinafter collectively referred to as 'the group') for the year ended March 31, 2018. The Company was incorporated and domiciled in India on December 19, 1986 and is engaged primarily in the manufacture and sale of components to automotive original equipment manufacturers. The address of its registered office is Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra. The Company is a public limited company and is listed in the Bombay Stock Exchange and National Stock Exchange. The Company is a joint venture entity between Samvardhana Motherson International Limited (SMIL) and Sumitomo Wiring Systems Limited, Japan. The group comprises of MSSL and it's directly and indirectly held 140 subsidiaries (including stepdown subsidiaries) and exercises joint control over 5 joint ventures and significant influence over 3 associates. The group has manufacturing plants in India, Sri Lanka, Thailand, United Arab Emirates (UAE), Australia, United Kingdom (UK), Germany, Hungary, Portugal, Spain, France, Slovakia, China, South Korea, USA, Brazil, Mexico, Czech Republic, South Africa, Serbia, Lithuania, Poland and Russia.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of directors on May 23, 2018.

**2.1. Significant accounting policies**

**a) Basis of preparation**

**Compliance with Ind AS**

The consolidated financial statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and distribution liability,
- Defined benefit pension plans – plan assets measured at fair value.

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

**Application of new and revised standards**

The Company has adopted with effect from April 1, 2017, the following new amendment and pronouncements.

- Ind AS 7 Statement of Cash Flows: narrow-scope amendments: The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

**b) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like item of assets, liabilities, equity, income and expense. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**c) Investment in associates and joint ventures**

Associates are all entities over which the group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries

Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amounts of equity accounted investments are tested for impairment in accordance with the policy described in note 1(m) below.

**d) Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of MSSL.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**e) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker "CODM". The CODM is responsible for allocating resources and assessing performance of the operating segments. The Group has monthly review and forecasting procedure in place. (refer Note 40)

**f) Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The group classifies all other liabilities as non-current.

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

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

**g) Foreign currencies**

i. Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing cost are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments (other than investment in subsidiaries, joint ventures and associates) held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments (other than investment in subsidiaries, joint ventures and associates) classified as FVOCI are recognised in other comprehensive income.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**h) Revenue recognition and Other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the group has assumed that recovery of excise duty flows to the group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods**

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are recognised when the significant risks and rewards of ownership are transferred to the buyer as per the terms of contract.

**Sale of services**

Revenues from the sale of services are recorded with respect to the stage of completion as of the reporting date in relation to the total service to be provided in the course of the transaction.

**Tooling Revenue**

The group develops tooling for its customers. The group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The group determines the level of completion on the basis of milestones achieved to date.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. The group does not recognize profit on booking of such revenue ("Zero profit margin method") since it is not possible to determine the level of completion reliably. The costs include all expenses incurred in direct relation to the specific projects and a proportion of the fixed and variable general costs incurred on the basis of normal capacity for the group's construction contracts. On the balance sheet, the group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**Cost of obtaining new contracts**

Any incremental costs associated with acquisition of a customer contract are aggregated together. These costs are capitalised and are deferred over the period of underlying contract term in a systematic manner. When such costs do not result in future economic benefit, these are charged to income statement.

**Other income**

**Interest**

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

**Rental Income**

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

**Dividend**

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

**Duty drawback and export incentives**

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

**i) Government grants**

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

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

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

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

**j) Income tax**

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are not recognised:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

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

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

**Investment allowances and similar tax incentives:**

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

**k) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**As a Lessee**

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities, as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a Lessor**

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

**l) Business combinations**

On transition to Ind AS, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for associates and joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**m) Impairment of non-financial assets**

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

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

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

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

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

**n) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at banks and short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**o) Inventories**

*Raw materials and stores, work in progress, traded and finished goods*

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

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

Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are determined on weighted average cost basis.

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

**p) Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of profit and loss.

**q) Financial instruments**

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

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

**Subsequent measurement**

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

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

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

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

**Debt instrument at FVTOCI**

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

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

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

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

**Debt instrument at FVTPL**

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

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

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

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

**Derecognition**

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

**Impairment of financial assets**

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

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

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

c. Lease receivables under Ind AS 17

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e. Loan commitments which are not measured as at FVTPL

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

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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

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

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

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

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

***Financial liabilities at fair value through profit or loss***

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

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

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

***Loans and borrowings***

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

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

This category generally applies to borrowings.

***Financial guarantee contracts***

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

**Derecognition**

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

**Embedded derivatives**

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

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

**Reclassification of financial assets**

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

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

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

**Offsetting of financial instruments**

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

**r) Fair value measurement**

The group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

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

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

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

**s) Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

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

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

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

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

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

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

**i. Fair value hedges**

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

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

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

**ii. Cash flow hedges**

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

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

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

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

**iii. Hedges of a net investment**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is reclassified to the statement of profit or loss (as a reclassification adjustment).

The group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

**t) Property, plant and equipment**

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

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

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

***Depreciation methods and useful lives***

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

| Assets | Indian entities* | Overseas entities |
|---|---|---|
| | Useful lives(years) | Useful lives(years) |
| Leasehold Land | Over the period of lease | |
| Leasehold improvements | Over the period of lease or useful life, whichever is lower | |
| Buildings | 30 years | 5 to 61 years |
| Plant & Machinery: | | |
| Plant & Machinery | 7.5 years | 3 to 15 years |
| Die & Moulds | 6.17 years | 3 to 15 years |
| Electric Installation | 10 years | 3 to 15 years |
| Furniture & fixtures | 6 years | 3 to 15 years |
| Office equipment | 5 years | 3 to 10 years |
| Computers: | | |
| Server & Networks | 3 years | 3 to 15 years |
| End user devices, such as desktops, laptops, etc. | 3 years | 3 to 15 years |
| Vehicles | 4 years | 3 to 12 years |

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

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

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

**u) Investment properties**

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

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

The group depreciates building component of investment property over 30 years and leasehold land over the period of lease.

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

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

**v) Intangible assets**

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

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

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

On transition to Ind AS, the Group elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

***Goodwill***

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill has indefinite useful life. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments

***Business, commercial rights and other rights***

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

***Customer relationships***

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

***Software***

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Separately acquired software are shown at transaction cost, software acquired in a business combination are recognised at fair value at the acquisition date. They are subsequently carried at cost less accumulated amortisation.

***Research and development costs***

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

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

Currently, research costs incurred by the group do not meet the recognition criteria and accordingly such research costs are expensed of in the statement of profit and loss as and when these are incurred.

Amortisation methods and periods:

| Asset | Useful lives (years) |
|---|---|
| Technical Knowhow fees | 3 to13 years |
| Business & Commercial rights | 3 to 11 years |
| Intellectual property rights | 1 to 3 years |
| Software | 2 to 5 years |
| Customer relationships | 3 to 15 years |

**w) Borrowing costs**

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

**x) Provisions and contingent liabilities**

**Provisions**

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

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

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

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

**Contingent Liabilities**

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

**y) Employee benefits**

**Short-term obligations**

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

***In respect of the companies incorporated in India***

**Provident Fund & Employee State Insurance**

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

**Superannuation fund**

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

**Gratuity**

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

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

**Compensated Absences**

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

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

***In respect of the companies incorporated outside India***

**Pension provisions**

Companies within the Group operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

SMRPBV group mainly operated a defined benefit pension plan in Germany based on Employee pensionable remuneration and length of services. The plan is unfunded. Further, SMR group has various defined benefit plans, which consider final salary as well as average salary components in order to define the benefits for the pensioners. Different pension plans are operated by the group in the UK, Germany, Mexico and South Korea. The scheme in South Korea is administered by separate trust fund.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in statement of profit or loss.

When a settlement or a curtailment occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of profit or loss during the period in which the settlement or curtailment occurs.

The value of a net pension benefit asset is restricted to the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions after considering any legal or contractual minimum funding requirements. The minimum funding requirements stipulate a minimum amount or level of contributions that must be made to a plan over a given period and may limit the ability of the entity to reduce future contributions and considered respectively in determining the economic benefit from the plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Other Long term benefits**

**Jubilee Bonus:** In certain group entities, the employees are entitled to bonus after completion of certain year of services which are based on the wage agreement or otherwise as per terms of employment. The Group recognizes as an expenditure the present value of such long term jubilee bonuses, where applicable based on the expected amounts to pay by considering expectancies of employee turnover and expected future salary increase.

**Termination Benefits**

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**z) Dividends**

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

**aa) Earnings per share**

**i. Basic earnings per share**

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

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

**ii. Diluted earnings per share**

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

  The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.2. Significant accounting judgements, estimates and assumptions

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

**Judgements**

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

**Estimates and assumptions**

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

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

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

**(ii) Defined benefit plans**

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

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

**(iii) Fair valuation of unlisted securities**

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

**(iv) Taxes**

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

**(v) Percentage completion of recognition of revenue**

The Group uses the percentage-of-completion method in accounting for its 'manufacturing and selling of tooling' contracts. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

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

**(vi) Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**(vii) Impairment of goodwill**

Market related information and estimates are used to determine the recoverable amount of a cash generating unit. Key assumptions on which the management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

(All amounts in ₹ Million, unless otherwise stated)

## 3 Property, plant and equipment

| Particulars | Own Assets | | | | | | | | | Leasehold Land | Assets Taken on Finance Lease | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold Land | Leasehold Improvements | Buildings | Plant & Machinery | Furniture & fixtures | Office equipments | Computers | Vehicles | Aircraft | | Buildings | Plant & Machinery | Furniture & fixtures | Computers | Vehicles | |
| **Year ended March 31, 2017** | | | | | | | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | | | | | | | |
| **As at April 01, 2016** | **4,410** | **148** | **23,158** | **43,819** | **2,326** | **394** | **637** | **202** | **-** | **2,357** | **1,149** | **1,126** | **9** | **-** | **0** | **79,735** |
| Additions | 842 | 36 | 6,295 | 13,271 | 757 | 413 | 513 | 25 | - | 55 | - | 93 | 11 | - | - | **22,311** |
| Addition on account of business combination [2] | 282 | 334 | 1,434 | 10,299 | 320 | 156 | 333 | 45 | - | - | - | 152 | 1 | - | 35 | **13,391** |
| Disposals | (7) | - | (1) | (940) | (170) | (36) | (23) | (20) | - | - | (563) | (419) | - | - | - | **(2,179)** |
| Exchange differences | (180) | (10) | (1,315) | (2,033) | (144) | (23) | (15) | (10) | - | (91) | (28) | (22) | (0) | - | (1) | **(3,872)** |
| Other adjustment / transfers | (323) | - | 87 | - | - | - | - | - | - | (143) | - | - | - | - | - | **(379)** |
| **Closing gross carrying amount** | **5,024** | **508** | **29,658** | **64,416** | **3,089** | **904** | **1,445** | **242** | **-** | **2,178** | **558** | **930** | **21** | **-** | **34** | **109,007** |
| **Accumulated depreciation and impairment** | | | | | | | | | | | | | | | | |
| **As at April 01, 2016** | **-** | **25** | **1,170** | **9,147** | **752** | **102** | **178** | **57** | **-** | **58** | **32** | **136** | **2** | **-** | **-** | **11,659** |
| Depreciation charge during the year [1] | - | 24 | 1,221 | 7,765 | 675 | 130 | 302 | 44 | - | 30 | 24 | 135 | 2 | - | - | **10,352** |
| Addition on account of business combination [2] | - | 245 | 634 | 5,648 | 224 | 89 | 261 | 23 | - | - | - | 73 | 1 | - | 18 | **7,216** |
| Disposals | - | - | (20) | (457) | (73) | (36) | (22) | (15) | - | - | (49) | (112) | - | - | - | **(784)** |
| Exchange differences | - | (6) | (14) | (91) | (37) | (1) | (16) | (1) | - | (6) | - | (41) | 0 | - | 0 | **(213)** |
| Other adjustment / transfers | - | - | - | - | (117) | 117 | - | - | - | - | - | - | - | - | - | **-** |
| **Closing accumulated depreciation and impairment** | **-** | **288** | **2,991** | **22,012** | **1,424** | **401** | **703** | **108** | **-** | **82** | **7** | **191** | **5** | **-** | **18** | **28,230** |
| **Net carrying amount** | **5,024** | **220** | **26,667** | **42,404** | **1,665** | **503** | **742** | **134** | **-** | **2,096** | **551** | **739** | **16** | **-** | **16** | **80,777** |
| **Year ended March 31, 2018** | | | | | | | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | | | | | | | |
| **As at April 01, 2017** | **5,024** | **508** | **29,658** | **64,416** | **3,089** | **904** | **1,445** | **242** | **-** | **2,178** | **558** | **930** | **21** | **-** | **34** | **109,007** |
| Additions | 424 | 252 | 5,567 | 15,158 | 1,110 | 243 | 639 | 118 | 1,198 | 124 | - | 100 | 3 | 4 | - | **24,940** |
| Addition on account of business combination [2] | 61 | 46 | 279 | 572 | 10 | 21 | 69 | 12 | - | - | - | - | - | - | - | **1,070** |
| Disposals | - | (32) | (39) | (654) | (140) | (11) | (27) | (42) | - | (2) | - | (41) | - | - | (24) | **(1,012)** |
| Exchange differences | 434 | 71 | 3,006 | 5,350 | 440 | 79 | 146 | 27 | 76 | 121 | 79 | 106 | 2 | 0 | 4 | **9,941** |
| Other adjustment / transfers | (227) | - | 115 | (539) | 22 | (44) | (10) | (5) | - | (233) | 121 | (11) | - | - | - | **(811)** |
| **Closing gross carrying amount** | **5,716** | **845** | **38,586** | **84,303** | **4,531** | **1,192** | **2,262** | **352** | **1,274** | **2,188** | **758** | **1,084** | **26** | **4** | **14** | **143,135** |

| Particulars | Own Assets | | | | | | | | | Leasehold Land | Assets Taken on Finance Lease | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold Land | Leasehold Improvements | Buildings | Plant & Machinery | Furniture & fixtures | Office equipments | Computers | Vehicles | Aircraft | | Buildings | Plant & Machinery | Furniture & fixtures | Computers | Vehicles | |
| **Accumulated depreciation and impairment** | | | | | | | | | | | | | | | | |
| **As at April 01, 2017** | **-** | **288** | **2,991** | **22,012** | **1,424** | **401** | **703** | **108** | **-** | **82** | **7** | **191** | **5** | **-** | **18** | **28,230** |
| Depreciation charge during the year [1] | - | 169 | 1,431 | 9,290 | 797 | 181 | 475 | 59 | 62 | 35 | 31 | 175 | 4 | 1 | 6 | **12,716** |
| Addition on account of business combination [2] | - | - | - | 16 | - | - | - | - | - | - | - | - | - | - | - | **16** |
| Disposals | - | (33) | (39) | (306) | (142) | (3) | (45) | (28) | - | - | - | (23) | - | - | (17) | **(636)** |
| Exchange differences | - | 39 | 385 | 1,312 | 210 | 23 | 71 | 9 | 4 | 9 | 8 | 33 | 1 | 0 | 2 | **2,106** |
| Other adjustment / transfers | - | (0) | (83) | (635) | 4 | (12) | 7 | (3) | - | (16) | 0 | 76 | - | - | - | **(662)** |
| **Closing accumulated depreciation and impairment** | **-** | **463** | **4,685** | **31,689** | **2,293** | **590** | **1,211** | **145** | **66** | **110** | **46** | **452** | **10** | **1** | **9** | **41,770** |
| **Net carrying amount** | **5,716** | **382** | **33,901** | **52,614** | **2,238** | **602** | **1,051** | **207** | **1,208** | **2,078** | **712** | **632** | **16** | **3** | **5** | **101,365** |

(i) Property, plant and equipment pledged as security: Refer note 41 for information on property plant and equipment pledged as security by the group.

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

(iii) During the year ended March 31, 2018, the group has capitalised borrowing costs amounting to ₹ 438 million (March 31, 2017 : ₹ 289 million) as qualifying assets. Borrowing costs were capitalised at weighted average rate of its general borrowings of 2.98% (March 31, 2017 : 4%).

[1] Includes depreciation of ₹ 6 million (March 31, 2017: ₹ 7 million) capitalised during the year on assets used for creation of self generated assets.

[2] Includes reclassification related to assets acquired after completion of fair valuation of assets of PKC. Refer note 47 for additions on account of business combination.

**4 Investment property**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Opening gross carrying amount** | **947** | **599** |
| Add: Transfers / Additions during the year | 455 | 379 |
| Less: Deletions during the year | 2 | - |
| Add / (Less): Exchange translation adjustment | 65 | (31) |
| **Gross Block** | **1,465** | **947** |
| **Accumulated depreciation:** | | |
| **Opening balance** | **51** | **18** |
| Add: Depreciation for the year | 86 | 27 |
| Add / (Less): Exchange translation adjustment | 15 | 6 |
| **Closing accumulated depreciation** | **152** | **51** |
| **Net Investment Properties** | **1,313** | **896** |

(i) Amounts recognised in profit or loss for the investment properties

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Rental Income | 83 | 84 |
| Direct operating expenses arising from property that generated rental income | (18) | (56) |
| Direct operating expenses arising from property that did not generate rental income | (3) | (1) |
| **Profit from investment properties before depreciation** | **62** | **27** |
| Depreciation | 86 | 27 |
| Loss from investment properties | **(24)** | **(0)** |

(ii) Contractual obligations

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

(iii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Within one year | 75 | 60 |
| Later than one year but not later than 5 years | 309 | 122 |
| | **384** | **182** |

(iv) Fair value

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Investment properties | 2,800 | 2,115 |

**Estimation of fair value**

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

## 5 Intangible assets

| Particulars | Technical Knowhow Fees | Customer Relationships | Business and commercial rights | Intellectual Property Rights | Software | Total intangible assets other than goodwill | Goodwill[2] |
|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2017** | | | | | | | |
| **Gross carrying amount** | | | | | | | |
| **As at April 01, 2016** | **15** | **11** | **-** | **65** | **636** | **727** | **2,931** |
| Additions | 20 | - | - | - | 312 | **332** | - |
| Addition on account of business combination [1] | 102 | 23,446 | 810 | - | 1,485 | **25,843** | 16,577 |
| Disposals | - | - | - | - | (3) | **(3)** | - |
| Exchange Difference | (2) | (529) | (18) | (5) | (90) | **(644)** | (129) |
| **Closing gross carrying amount** | **135** | **22,928** | **792** | **60** | **2,340** | **26,255** | **19,379** |
| **Accumulated amortisation and impairment** | | | | | | | |
| **As at April 01, 2016** | **4** | **11** | **-** | **15** | **232** | **262** | **3** |
| Amortisation charge during the year | 14 | 4 | - | 11 | 190 | **219** | - |
| Addition on account of business combination [1] | - | 3,970 | 150 | - | 924 | **5,044** | - |
| Disposals | (1) | - | - | - | (3) | **(4)** | - |
| Exchange differences | (1) | (91) | (3) | (4) | (44) | **(143)** | - |
| **Closing accumulated amortisation and impairment** | **16** | **3,894** | **147** | **22** | **1,299** | **5,378** | **3** |
| **Net carrying amount** | **119** | **19,034** | **645** | **38** | **1,041** | **20,877** | **19,376** |
| **Year ended March 31, 2018** | | | | | | | |
| **Gross carrying amount** | | | | | | | |
| **As at April 01, 2017** | **135** | **22,928** | **792** | **60** | **2,340** | **26,255** | **19,379** |
| Additions | 8 | - | - | 4 | 493 | **505** | - |
| Addition on account of business combination [1] | - | 326 | - | - | 23 | **349** | 333 |
| Disposals | - | - | - | - | (20) | **(20)** | - |
| Other adjustment | (0) | (10) | - | (27) | 20 | **(17)** | (0) |
| Exchange difference | 22 | 3,792 | 129 | 6 | 146 | **4,095** | 2,934 |
| **Closing gross carrying amount** | **165** | **27,036** | **921** | **43** | **3,002** | **31,167** | **22,646** |
| **Accumulated amortisation and impairment** | | | | | | | |
| **As at April 01, 2017** | **16** | **3,894** | **147** | **22** | **1,299** | **5,378** | **3** |
| Amortisation charge during the year | 27 | 2,381 | 113 | 4 | 431 | **2,956** | - |
| Disposals | - | - | - | - | (20) | **(20)** | - |
| Exchange differences | 3 | 852 | 32 | 4 | 176 | **1,067** | - |
| Other adjustment | - | (10) | - | 0 | (6) | **(16)** | - |
| **Closing accumulated amortisation and impairment** | **46** | **7,117** | **292** | **30** | **1,880** | **9,365** | **3** |
| **Net carrying amount** | **119** | **19,919** | **629** | **13** | **1,122** | **21,802** | **22,643** |

[1] Refer Note 47 for addition on account of business combination.

[2] **Goodwill consist of the following**

A segment-level summary of the goodwill allocation is presented below:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| SMR | 556 | 478 |
| SMP | 3,239 | 2,785 |
| PKC | 18,711 | 15,980 |
| Others | 137 | 133 |
| **Total** | **22,643** | **19,376** |

The Group tests goodwill for impairment on an annual basis. The goodwill has been evaluated based on the cashflow forecasts of the related cash generating units (CGUs) and the recoverable amounts of these CGUs exceeded their carrying amounts. The estimated value in use of cash generating units (CGU) is based on the future cash flows using annual growth rate of upto 4% for periods subsequent to the forecast period of 5-10 years and weighted average cost of capital between 10% to 15%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount for any segment. The discount rate was estimated based on past experience and company's average weighted average cost of capital. The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external factors

**6 (a) Non-Current Investments**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Investment in equity instruments** | | |
| **Equity instruments at FVOCI** | | |
| **Quoted:** | | |
| Ssangyong Motor Corporation | 6 | 8 |
| 18,040 (March 31, 2017 : 18,040 ) equity shares of EUR 3.394 each fully paid up | | |
| **Unquoted:** | | |
| **Motherson Sumi Infotech & Designs Limited** | 183 | 205 |
| 1,200,000 (March 31, 2017: 1,200,000) equity shares of ₹ 10 each fully paid up | | |
| **Echanda Urja Private Limited** | 1 | 0 |
| 120,645 (March 31, 2017: 35,000 ) equity shares of ₹ 10 each fully paid-up | | |
| **Tulsyan NEC Limited** | 2 | 2 |
| 63,750 (March 31, 2017: 63,750 ) equity shares of ₹ 30 each fully paid-up | | |
| **N H 2 Limited (shares received in lieu of surrendering of shares in Nano Holding)** | 434 | 373 |
| 7,918,702 (March 31, 2017: 7,918,702) units of GBP 0.1 each | | |
| **Wisetime Oy** | 53 | 46 |
| 19 (March 31, 2017: 19) shares | | |
| **Purpurin Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG** | 0 | 0 |
| 94 (March 31, 2017: 94) equity shares of EUR 51.129 each fully paid up | | |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Mytrah Vayu (Manjira) Private Limited** | 0 | - |
| 40,000 (March 31, 2017: Nil) equity shares of ₹ 10 each fully paid up | | |
| **ConnectedYard** | 11 | 33 |
| 531,915 (March 31, 2017: 531,915) Series A Preferred Stock | | |
| **OSSIA Inc.** | 937 | - |
| 714,976 (March 31, 2017: Nil) Series D Preferred Stock | | |
| **Quanergy Systems Inc.** | 820 | - |
| 171,528 (March 31, 2017: Nil) Series B Preferred Stock | | |
| **Investment in preference shares (fully paid-up)** | | |
| **Unquoted:** | | |
| **Comunidad de Vertidos, "Les Carrases"** | 5 | 4 |
| 9.98% preference share of EUR 61,334 (March 31, 2017 : EUR 61,334) fully paid up | | |
| **Investment in bonds and promissory notes** | | |
| **Unquoted:** | | |
| **Daewoo Automotive securities** | - | - |
| 5,861 (March 31, 2017: 5,861) Bonds of EUR 3.334 per bond | | |
| **Naya Health** | 11 | 10 |
| 1% Convertible Promissory Note | | |
| **Others** | | |
| Investment in antique arts (unquoted) | 4 | 3 |
| **Total non current investments** | **2,467** | **684** |
| Aggregate amount of quoted investments and market value thereof | 6 | 8 |
| Aggregate amount of unquoted investments | 2,461 | 676 |
| Aggregate amount of impairment in the value of investments | - | - |

**6 (b) Current Investments**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Investment in equity instruments (fully paid-up)** | | |
| **Quoted:** | | |
| **HDFC Bank Limited** | 4 | 3 |
| 2,035 (March 31, 2017: 2,035) equity shares of ₹ 2 each fully paid up | | |
| **Balrampur Chini Mills Limited** | 0 | 0 |
| 1,200 (March 31, 2017: 1,200) equity shares of ₹ 1 each fully paid up | | |
| **Jaysynth Dyestuff (India) Limited** | 0 | 0 |
| 100 (March 31, 2017: 100) equity shares of ₹ 10 each fully paid up | | |
| **Meyer Apparel Limited** | 0 | 0 |
| 28,475 (March 31, 2017: 28,475) equity shares of ₹ 10 each fully paid up | | |
| **Mahindra & Mahindra Limited** | 5 | 5 |
| 7,288 (March 31, 2017: 3,644) equity shares of ₹ 5 each fully paid up | | |
| **Arcotech Limited** | 0 | 0 |
| 1,000 (March 31, 2017: 200) equity shares of ₹ 10 each fully paid up | | |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Unquoted:** | | |
| **Pearl Engineering Polymers Limited** | - | - |
| 3,160 (March 31, 2017: 3,160) equity shares of ₹ 10 each fully paid up | | |
| **Daewoo Motors Limited** | - | - |
| 6,150 (March 31, 2017: 6,150) equity shares of ₹ 10 each fully paid up | | |
| **Athena Financial Services Limited** | - | - |
| 66 (March 31, 2017: 66) equity shares of ₹ 10 each fully paid up | | |
| **Inox Leasing & Finance Limited** | - | - |
| 100 (March 31, 2017: 100) equity shares of ₹ 10 each fully paid up | | |
| **Total current investments** | **9** | **8** |
| Aggregate amount of quoted investments and market value thereof | 9 | 8 |
| Aggregate amount of unquoted investments | - | - |
| Aggregate amount of impairment in the value of investments | - | - |

## 7 Loans

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| **Unsecured, considered good** | | | | |
| Loans to related parties (Refer note 39) | 200 | - | 427 | 20 |
| Loans to employees & others | 216 | 48 | 225 | 38 |
| **Total** | **416** | **48** | **652** | **58** |

## 8 Trade Receivables

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Unsecured, considered good | 54,678 | 9,465 | 45,824 | 6,532 |
| Trade Receivables from Related Parties (Refer note 39) | 1,558 | - | 728 | - |
| Doubtful | 813 | - | 597 | - |
| | **57,049** | **9,465** | **47,149** | **6,532** |
| Less: Allowances for credit loss | 813 | - | 597 | - |
| **Total** | **56,236** | **9,465** | **46,552** | **6,532** |

Note 1: The Group has derecognised trade receivables amounting ₹ 32,031 million (March 31, 2017: ₹ 20,853 million) as it had transferred the contractual right and substantially transferred all risks and rewards of ownership of these receivables to various financial institutions.

Note 2: In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on past provision. Past Provision takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due.

## 9 Other financial assets

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| **Security Deposits** | | | | |
| Security deposits to related party (Refer note 39) | 464 | 5 | 400 | 34 |
| Unsecured, considered good | 638 | 151 | 573 | 133 |
| | **1,102** | **156** | **973** | **167** |
| Derivatives designated as hedge (Refer note 37) | 268 | - | 71 | 242 |
| Derivatives not designated as hedge | - | - | 444 | - |
| Interest receivable | 27 | - | 35 | - |
| Unbilled Revenue | 33,511 | - | 20,845 | - |
| Deposits with original maturity for more than 12 months | - | 26 | - | 25 |
| Others | 2,228 | - | 1,101 | - |
| **Total** | **37,136** | **182** | **23,469** | **434** |

## 10 (a) Deferred tax assets (net)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Deferred tax assets** | | |
| Unabsorbed depreciation and Tax losses | 2,371 | 2,475 |
| Property, plant and equipments, investment property and intangible assets | 600 | 678 |
| Employee benefits | 471 | 366 |
| Provision for Doubtful debts/Advances/Inventory | 1,827 | 1,143 |
| Others | 997 | 362 |
| **Total** | **6,266** | **5,024** |

**Movement in Deferred tax assets**

| | Unabsorbed depreciation and Tax losses | Property, plant and equipments, investment property and intangible assets | Employee benefits | Provision for Doubtful debts / Advances/ Inventory | Others | Total |
|---|---|---|---|---|---|---|
| **As at April 01, 2016** | **1,753** | **349** | **238** | **939** | **325** | **3,604** |
| **(Charged) / credited:** | | | | | | |
| to profit or loss | (150) | 211 | 26 | (92) | (39) | (44) |
| to other comprehensive income | - | - | 49 | - | (5) | 44 |
| Acquisition and other additions | 906 | 132 | 62 | 343 | 114 | 1,557 |
| Exchange translation adjustments | (34) | (14) | (9) | (47) | (33) | (137) |
| **As at March 31, 2017** | **2,475** | **678** | **366** | **1,143** | **362** | **5,024** |

| | Unabsorbed depreciation and Tax losses | Property, plant and equipments, investment property and intangible assets | Employee benefits | Provision for Doubtful debts / Advances/ Inventory | Others | Total |
|---|---|---|---|---|---|---|
| **(Charged) / credited:** | | | | | | |
| to profit or loss | (142) | (134) | (27) | 581 | 71 | 349 |
| to other comprehensive income | - | - | 14 | - | 554 | 568 |
| Exchange translation & reclassification adjustments | 38 | 56 | 118 | 103 | 10 | 325 |
| **As at March 31, 2018** | **2,371** | **600** | **471** | **1,827** | **997** | **6,266** |

**10 (b) Deferred tax liabilities (net)**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Property, Plant and equipment, investment property and intangible assets | 3,042 | 3,123 |
| Others | 2,194 | 1,137 |
| **Total** | **5,236** | **4,260** |

**Movement in Deferred tax liabilities**

| | Property, Plant and equipment, investment property and intangible assets | Others | Total |
|---|---|---|---|
| **As at April 01, 2016** | **2,100** | **294** | **2,394** |
| **(Charged) / credited:** | | | |
| to profit or loss | 199 | 233 | **432** |
| Acquisition and other additions | 880 | 623 | **1,503** |
| Exchange translation adjustments | (56) | (13) | **(69)** |
| **As at March 31, 2017** | **3,123** | **1,137** | **4,260** |
| **(Charged) / credited:** | | | |
| to profit or loss | (487) | 892 | **405** |
| Exchange translation & reclassification adjustments | 406 | 165 | **571** |
| **As at March 31, 2018** | **3,042** | **2,194** | **5,236** |

Deferred tax assets and deferred tax liabilities have been offset to the extent they relate to the same governing taxation laws.

**11. Other non-current assets**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Capital advances | 1,902 | 2,014 |
| Advances recoverable | 53 | 98 |
| Unamortised expenditure | 3,606 | 1,247 |
| Prepaid expenses | 294 | 164 |
| Balances with government authorities | 103 | 219 |
| Others | 117 | 1,027 |
| **Total** | **6,075** | **4,769** |

**12. Inventories**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Raw materials | 24,115 | 18,718 |
| Work-in-progress | 5,931 | 4,253 |
| Finished goods | 7,796 | 6,438 |
| Stock-in-trade | 128 | 80 |
| Stores and spares | 2,162 | 1,227 |
| **Total** | **40,132** | **30,716** |
| Inventory include inventory in transit of: | | |
| Raw materials | 1,616 | 1,312 |
| Finished goods | 494 | 398 |

**Amount recognised in profit or loss:**

During the year ended March 31, 2018, the group has written down inventories to net realisable value (net of reversal of written down related to goods sold during the year at price equal to or above cost) and also made provision in respect of obsolete / slow moving items amounted to ₹ 54 million (March 31, 2017: ₹ 240 million). These were recognised as an expense during the year and included in changes in value of inventories of work-in-progress, stock-in-trade and finished goods in statement of profit or loss.

**13. (a) Cash and cash equivalents***

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Balances with banks: | | |
| - in current accounts | 20,595 | 36,299 |
| - Deposits with original maturity of less than three months | 6,763 | 12,317 |
| Funds in transit & cheques and drafts on hand | 316 | 128 |
| Cash on hand | 32 | 28 |
| **Total** | **27,706** | **48,772** |

*There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior period

**Changes in liabilities arising from financing activities**

| | March 31, 2017 | Cash Flow | Non cash items | March 31, 2018 |
|---|---|---|---|---|
| Long term borrowings | 96,257 | (20,223) | 8,394 | 84,428 |
| Short term borrowings | 6,978 | 10,808 | 1,282 | 19,068 |
| Lease liabilities | 258 | (56) | 38 | 240 |
| **Total liabilities from financing activities** | **103,493** | **(9,471)** | **9,714** | **103,736** |

**13. (b) Other bank balances**

| | March 31, 2018 | March 31, 2017 |
|---|---:|---:|
| Deposits with original maturity of more than three months but less than 12 months | 77 | 69 |
| Unpaid dividend account | 32 | 25 |
| **Total** | **109** | **94** |

Unpaid dividend accounts are restricted in use as it relates to unclaimed or unpaid dividend.

**14. Other current Assets**

| | March 31, 2018 | March 31, 2017 |
|---|---:|---:|
| Advances recoverable | 4,458 | 5,084 |
| Prepaid expenses | 2,356 | 1,777 |
| Balances with government authorities | 2,223 | 3,198 |
| Others | 220 | 158 |
| **Total** | **9,257** | **10,217** |

**15. Share Capital**

| | March 31, 2018 | March 31, 2017 |
|---|---:|---:|
| **Authorised:** | | |
| 2,873,000,000 ( March 31, 2017 : 2,873,000,000) Equity shares of ₹ 1 each | 2,873 | 2,873 |
| 25,000,000 (March 31, 2017 : 25,000,000) 8% Convertible Cumulative Preference Shares of ₹ 10 each | 250 | 250 |
| **Issued, subscribed and Paid up:** | | |
| 2,105,289,491 [1] ( March 31, 2017 : 1,403,526,327 [1]) Equity Shares of ₹ 1 each | 2,105 | 1,404 |

**a. Movement in equity share capital**

**Equity Shares:**

| | Numbers | Amount |
|---|---:|---:|
| **As at April 01, 2016** | **1,322,879,040** | **1,323** |
| Add: Shares issued to Qualified Institutional Buyers | 62,884,827 | 63 |
| Add: Shares issued to Sumitomo Wiring Systems Japan | 17,762,460 | 18 |
| **As at March 31, 2017** | **1,403,526,327** | **1,404** |
| Add: Bonus shares issued by capitalisation of securities premium account [1] | 701,763,164 | 702 |
| **As at March 31, 2018** | **2,105,289,491** | **2,105** |

[1] During the year ended March 31, 2018, the Company allotted 701,763,164 equity shares of ₹ 1 each as bonus shares in proportion of one equity share for every two equity shares held by capitalisation of Securities Premium Account. The Company on September 12, 2016 and September 16, 2016, made allotment of 17,762,460 equity shares and 62,884,827 equity shares respectively of ₹ 1 each to Sumitomo Wiring Systems Japan and Qualified Institutional Buyers respectively at an issue price of ₹ 317 per equity share.

**b. Rights, preferences & restrictions attached to shares**

**Equity Shares:**

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

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

**c. Aggregate number of Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2018)**

| | Aggregate No of Shares issued in five years | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 |
|---|---|---|---|---|---|---|
| Equity shares allotted as fully paid bonus shares by capitalization of Securities Premium Account | 1,436,695,964 | 701,763,164 | - | 440,959,680 | - | 293,973,120 |

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | % | Nos. | % |
| **Equity shares:** | | | | |
| Samvardhana Motherson International Limited | 703,833,769 | 33.43% | 488,549,846 | 34.81% |
| Sumitomo Wiring Systems Limited | 528,424,861 | 25.10% | 352,283,241 | 25.10% |

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

**16. (a) Reserves and surplus**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Capital reserve on consolidation | 1,255 | 1,336 |
| Securities premium reserve | 27,356 | 28,058 |
| Reserve on amalgamation | 1,663 | 1,663 |
| General Reserve | 3,430 | 3,430 |
| Retained earning | 59,338 | 48,310 |
| **Total Reserves and surplus** | **93,042** | **82,797** |

**Capital Reserve on Consolidation**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 1,336 | 1,336 |
| Transfer to retained earning | (81) | - |
| **Closing balance** | **1,255** | **1,336** |

**Securities Premium Account**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening Balance | 28,058 | 2,862 |
| Proceeds received on share issued to qualified institutional buyers and on preferential allotment (Refer note 50) | - | 25,484 |
| Transaction costs arising on share issues | - | (288) |
| Bonus Issue | (702) | - |
| **Closing balance** | **27,356** | **28,058** |

**Reserve on Amalgamation**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 1,663 | 1,663 |
| Additions during the year | - | - |
| **Closing balance** | **1,663** | **1,663** |

**General Reserve**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 3,430 | 3,430 |
| Deductions during the year | - | - |
| **Closing balance** | **3,430** | **3,430** |

**Retained earnings**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 48,310 | 32,661 |
| Additions during the year | 15,970 | 15,543 |
| Remeasurements of post-employment benefit obligation, net of tax | (18) | (113) |
| Share of OCI of associates and joint ventures, net of tax | (2) | (3) |
| Transfer from capital reserve on consolidaton | 81 | - |
| Transfer to retained earning on sale of equity instruments | - | 34 |
| Dividend paid | (4,210) | - |
| Tax on dividend | (817) | - |
| Transfer to employee fund | (15) | - |
| Addition on acquisition of majority control over board of directors of a joint venture entity | 65 | 292 |
| Buyback of shares from minority shareholders in respect of one of the stepdown subsidiary (Refer Note 45C) | (15) | (128) |
| Other addition / (deletion) | (11) | 24 |
| **Closing balance** | **59,338** | **48,310** |

During the year ended March 31, 2018, the Company has paid dividend of ₹ 2 per share to its share holders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authorities on behalf of shareholders. Hence DDT paid is charged to equity.

**16. (b) Other reserves**

| | Foreign currency translation reserve | Cash flow hedging reserve | FVOCI equity investments | Total |
|---|---|---|---|---|
| **As at April 01, 2016** | **538** | **(9)** | **167** | **696** |
| Currency translation difference | (2,086) | - | - | (2,086) |
| Change in fair value of hedging instruments (net of tax) | - | (66) | - | (66) |
| Change in fair value of FVOCI equity instruments (net of tax) | - | - | (18) | (18) |
| **As at March 31, 2017** | **(1,548)** | **(75)** | **149** | **(1,474)** |
| Currency translation difference | 6,380 | - | - | 6,380 |
| Change in fair value of hedging instruments (net of tax) | - | (1,169) | - | (1,169) |
| Change in fair value of FVOCI equity instruments (net of tax) | - | - | (43) | (43) |
| **As at March 31, 2018** | **4,832** | **(1,244)** | **106** | **3,694** |

**Securities premium reserve**

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

**Cash flow hedging reserve**

The group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings. For hedging foreign currency risk, the group uses foreign currency forward contracts which are designated as cash flow hedges. For hedging interest rate risk, the group uses interest rate swaps which is also designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (e.g. sales and interest payments).

**Capital reserve on consolidation**

It represents capital reserve on acquisition of subsidiaries.

**Reserve on amalgamation**

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

**General Reserve**

This reserve comprises retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

**Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**FVOCI equity investments**

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

Bracket denotes appropriations / deductions.

## 17 (a) Non-current borrowings

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **Secured#:** | | | |
| i) | 4⅛% Senior Secured Notes Due 2021 (NIL (March 31, 2017 : EUR 500 million)) | - | 33,845 |
| ii) | 3.7% Senior Secured Notes Due 2025 (EUR 100 million (March 31, 2017 : EUR 100 million)) | 7,890 | 6,776 |
| iii) | 4⅞% Senior Secured Notes Due 2021 (USD 400 million (March 31, 2017 : USD 400 million )) | 25,881 | 25,622 |
| iv) | 1.8% Senior Secured Notes Due 2024 (EUR 300 million (March 31, 2017 : Nil)) | 23,509 | - |
| v) | Term loans: | | |
| | From Banks: | | |
| | - Rupee Loan | 5,750 | 5,750 |
| | - Foreign currency loan | 12,009 | 13,008 |
| | From others | | |
| | - Indian rupee loan | 33 | 47 |
| | - Foreign Currency Loan | 32 | 35 |
| vi) | Finance lease liabilities (Refer note 43) | 459 | 574 |
| | | **75,563** | **85,657** |
| **Unsecured:** | | | |
| i) | 4.25% Senior Unsecured Bond Due 2018 (EUR 100 million (March 31, 2017 : EUR 100 million)) | 7,813 | 6,905 |
| ii) | Term loan: | | |
| | From Banks: | | |
| | - foreign currency loan | 254 | 2,955 |
| | From others | | |
| | - Indian rupee loan | 57 | 51 |
| | - Foreign currency loan | 966 | 913 |
| | - Finance lease liabilities (Refer note 43) | 14 | 34 |
| iii) | Deposits from related parties | | |
| | - Indian rupee loan - from related party (Refer note 39) | 1 | - |
| | | **9,105** | **10,858** |
| | **Total** | **84,668** | **96,515** |
| | Less : Amounts disclosed under the head "other current financial liabilities" (Refer Note 18) | | |
| | Current maturities of long-term debt | 8,735 | 1,832 |
| | Current maturities of finance lease obligations | 232 | 243 |
| | | **75,701** | **94,440** |

**17 (b) Current borrowings**

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **Secured#:** | | | |
| i) | Loans repayable on demand from banks | | |
| | - Rupee Loan [1] | 15 | 37 |
| | - Foreign Currency Loan [2] | 9,996 | 3,114 |
| ii) | Other short term loans from banks | | |
| | - Foreign Currency Loan [3] | 377 | 127 |
| | | **10,388** | **3,278** |
| **Unsecured:** | | | |
| i) | Loans repayable on demand from banks | | |
| | - Foreign Currency Loan | 785 | 419 |
| ii) | Other short term loans from banks | | |
| | - Rupee Loan | 4,259 | 519 |
| iii) | Other short term loans - (Other than banks) | | |
| | - Foreign Currency Loan | 3,636 | 2,762 |
| | | **8,680** | **3,700** |
| | | **19,068** | **6,978** |

**Non-current borrowings:**

**(a) Nature of Security and terms of repayment for secured borrowings:**

| | Nature of Security | Terms of Repayment |
|---|---|---|
| | **4⅞% Senior Secured Notes Due 2021** | |
| | Loan amounting to NIL (March 31, 2017: ₹ 33,845 million) secured by:<br>a. Guarantee given by some of the material subsidiaries of Samvardhana Motherson Automotive Systems Group B.V.<br>b. 100% share pledge of material subsidiaries of Samvardhana Motherson Automotive Systems Group B.V.<br>c. Assets security given by some subsidiaries of Samvardhana Motherson Automotive Systems Group B.V. | The Notes bear interest at a rate of 4.125% payable semi-annually on January 15th and July 15th of each year and will mature on July 15, 2021.<br>The Notes carry a prepayment option and as per the terms of the indenture, the company may at any time on or after July 15, 2017, redeem all or part of the Notes by paying the redemption prices set forth in the indenture. Prior to July 15, 2017, the Subsidiary is entitled at its option, to redeem all or a portion of the Notes by paying 100% of the principal amount of such Notes, plus accrued and unpaid interest, if any, plus a "make-whole" premium. In addition, prior to July 15, 2017, the Subsidiary may redeem, at its option, upto 35% of the Notes with the net proceeds from certain equity offerings.<br>Fully repaid during the financial year 2017-18. |

| | Nature of Security | Terms of Repayment |
|---|---|---|
| | **3.7% Senior Secured Notes Due 2025** | |
| | Loan amounting to ₹ 7,890 million (March 31, 2017: ₹ 6,776 million) secured by:<br>a. Guarantee given by some of the material subsidiaries of Samvardhana Motherson Automotive Systems Group B.V.<br>b. 100% share pledge of material subsidiaries of Samvardhana Motherson Automotive Systems Group B.V.<br>c. Assets security given by some subsidiaries of Samvardhana Motherson Automotive Systems Group B.V. | The Notes bear interest at a rate of 3.70% payable annually on 18th June and will mature on 18th June, 2025.<br>The Notes carry a prepayment option and as per the terms of the indenture the Subsidiary may at any time prior to June 18, 2025, redeem all or a portion of the Notes by paying 100% of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption, plus a "make-whole" premium. In addition, prior to June 18, 2025, the subsidiary may redeem, at its option, up to 35% of the Notes with the net proceeds from certain equity offerings. |
| | **4⅞% Senior Secured Notes Due 2021** | |
| | Loan amounting to ₹ 25,881 million (March 31, 2017: ₹ 25,622 million) secured by:<br>The Notes are structured as senior secured obligations and will rank pari passu in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the 2025 Notes, the 2021 Notes and the Revolving Credit Facilities. The Notes are guaranteed on a senior secured basis by certain subsidiaries of SMRP BV and are secured by share pledge and security interests granted over certain property and assets of SMRP BV and certain of its subsidiaries. | The Notes bear interest at a rate of 4.875% payable semi annually on June 16 & December 16 each year and will mature on December 16, 2021.<br>The Notes carry a prepayment option and as per the terms of the indenture, the subsidiary may at any time on or after June 16, 2019, redeem all or part of the Notes by paying the redemption prices set forth in the indenture. Prior to June 16, 2019, the subsidiary is entitled at its option, to redeem all or a portion of the Notes by paying 100% of the principal amount of such Notes, plus accrued and unpaid interest, if any, plus a "make-whole" premium. In addition, prior to June 16, 2019, the subsidiary may redeem, at its option, up to 35% of the principal amount of the Notes at a redemption price equal to 104.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, up to the redemption date. |
| | **1.8% Senior Secured Notes Due 2024** | |
| | Loan amounting to ₹ 23,509 million (March 31, 2017: Nil) secured by:<br>The Notes are senior obligations of SMRP BV and rank pari passu in right of payment with all the SMRP BV's existing and future senior obligations that are not subordinated in right of payment to the Notes, including the SMRP BV's obligations under the existing Notes and the Revolving Credit Facilities. The Notes are guaranteed on a senior basis by SMRP BV and certain of its subsidiaries and are also secured by security interests granted over certain property and assets of the SMRP BV and certain of its subsidiaries. | The Notes were issued at 99.299% of the nominal value and carry coupon at a rate of 1.80% payable annually on July 06th each year and will mature on July 06, 2024.<br>The Notes are listed on the Irish Stock Exchange and trade on the Global Exchange Market. |

| | Nature of Security | Terms of Repayment |
|---|---|---|
| | **Long term Indian Rupee loans from Bank include** | |
| | Loan amounting to ₹ 5,750 million(March 31, 2017: ₹ 5,750 million) secured by creating a pledge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis. | The principal amount to be paid to bank within period of 5 years from date of disbursement as a bullet payment.<br>The loan carries interest rate of 8% p.a. |
| | **Long term foreign currency loans from Bank include** | |
| i. | Loan amounting to ₹ 488 million (March 31, 2017: ₹ 1,826 million) secured by first pari passu charge on entire fixed assets, both movable & immovable, of the Company present and future and second pari passu charge on the entire current assets of the Company. These are also secured by way of deposit of title deeds of specified properties. | 1) ₹ 195 million (March 31, 2017: ₹ 582 million) is repayable in remaining 1 instalment in August 2018.<br>2) Nil (March 31, 2017: ₹ 324 million) fully repaid in February 2018.<br>3) Nil (March 31, 2017: ₹ 48 million) fully repaid in August 2017.<br>4) ₹ 293 million (March 31, 2017: ₹ 872 million) is repayable in remaining 1 instalment in September 2018.<br>The applicable rate of interest in respect of foreign currency loans from banks is within a range of 0.6% p.a. to 3.8% p.a. (March 31, 2017: 1.0% p.a. to 3.0% p.a) over 3 to 6 months US $ Libor and 8.05% p.a.(March 31, 2017 : 8.05% p.a. to 9.30% p.a.) in respect of loans hedged for swap contracts. |
| ii | Loan amounting to Nil (March 31, 2017: ₹ 333 million) Secured against:<br>1) General notarial bond to the value of ZAR 181 million plus additional costs over the movable assets of one of MSSL Global RSA Module Engineering Limited including its Durban plant, in favour of the Lender.<br>2) The special notarial bond to the value of ZAR 95 million plus additional costs over the plant and equipment assets of MSSL Global RSA Module Engineering Limited funded using the Plant and Equipment Loan in favour of the Lender.<br>3) A first covering mortgage bond over the property to the value of ZAR 80 million plus additional costs, in favour of the Lender. | Fully repaid during financial year 2017-18. The applicable rate of interest is Prime Rate minus 3% as applicable in South Africa for first five years after which it will be adjusted to prime rate minus 0.1% thereafter. |

| | Nature of Security | Terms of Repayment |
|---|---|---|
| iii | Loan amounting to ₹ 45 million (March 31, 2017: ₹ 52 million) secured by General Notarial Bond on assets of Vacuform 2000 Pty Ltd. | 1) ₹ 11 million (March 31, 2017: ₹ 21 million) is repayable in 60 equal monthly instalments commenced from January 31, 2015 and fully repayable in financial year 2018-19.<br>2) ₹ 18 million (March 31, 2017: ₹ 31 million) is repayable 60 equal monthly instalments commenced from March 31, 2014.<br>3) ₹ 16 million (March 31, 2017: Nil) is repayable in monthly instalments till December 2021.<br>The applicable rate of interest in respect of these loans is within a range of 7.25% to 13.25% |
| iv | Loan amounting to ₹ 249 million(March 31, 2017: ₹ 285 million) secured by specified assets located at Boetzingen plant of SMP Deutschland GmbH | Repayable in monthly instalments from January 2016 and ending in December 2020.<br>The applicable rate of interest is 4.96% |
| v | Loan amounting to ₹ 24 million(March 31, 2017: ₹ 25 million) secured against land and building of MSSL Japan. | Repayable in quarterly instalments from June 2015 till June 2029. The applicable rate of interest is 3 months Tibor + 0.95% |
| vi | Loan amounting to ₹ 11 million (March 31, 2017: ₹ 16 million) secured by pledge of the specific machinery by MSSL GMBH and future insurance receivables of debtors related to the same in favour of the Bank. | Repayable in monthly instalments from January 2014 until May 2019.<br>The applicable rate of interest is Euribor + 0.975% |
| vii | Loan amounting to ₹ 161 million (March 31, 2017: ₹ 138 million) secured by first mortgage on plant & machinery of Samvardhana Motherson Invest Deutschland GmbH | Repayable in one bullet payment on September 30, 2025.<br>The applicable rate of interest in respect of this loans is 2.2% |
| viii | Loan amounting to ₹ 3 million (March 31, 2017: ₹ 3 million) secured against vehicle of Vacuform 2000 (Proprietary) Limited. | ₹ 3 million is repayable in 60 instalments from November 01, 2015.<br>The applicable rate of interest in respect of this loan is 10.75% |
| ix | ₹ 5,203 million (March 31, 2017 : ₹ 5,224 million) secured by creating a pledge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis. | Repayable as bullet payment in March 2022. The applicable rate of interest in respect of this loan is 6 months Libor + 120 basis points to be paid on half yearly basis. |
| x | ₹ 5,621 million (March 31, 2017 : ₹ 4,834 million) secured by creating a pledge on Investment in shares of one of the subsidiary, MSSL (GB) Ltd on pari passu basis. | Repayable as bullet payment in March 2020. The applicable rate of interest in respect of this loan is 3 months Euribor + 39 basis points. |
| xi | ₹ 166 million (March 31, 2017 : ₹ 207 million) secured against the land & building & current receivables. | Repayable as quarterly instalments upto bullet payment in June 2022.<br>The applicable rate of interest in respect of this loans is 3M Euribor + 1.15% |
| xii | ₹ 38 million (March 31, 2017 : ₹ 65 million) secured against the plant & machinery | Repayable in monthly instalments upto April 2019.<br>The applicable rate of interest in respect of this loans is 5% |

| | Nature of Security | Terms of Repayment |
|---|---|---|
| | **Long term Indian Rupee Loans from Other than Banks include:** | |
| | Indian Rupee loan amounting to ₹ 33 million (March 31, 2017: ₹ 47 million) from other than banks for the purchase of Investment Property and is secured by the capital advance given for the purchase of investment property. | Repayable in monthly instalments till March 2020 carrying Interest rate of 10.2% . |
| | **Long term Foreign Currency Loans from Other than Banks include** | |
| i. | ₹ 19 million (March 31, 2017 : ₹ 20 million) secured against the office equipments of MSSL GmbH for which this loan has been taken. | Repayable in monthly instalments until December 2021<br>The applicable rate of interest in respect of this loan is 4.309% |
| ii. | ₹ 13 million (March 31, 2017 : ₹ 15 million) secured against the office equipment of MSSL GmbH for which this loan has been taken. | Repayable in monthly instalments until October 2020.<br>The applicable rate of interest in respect of this loan is 3.43% |
| | **Finance Lease Liabilities Other than Banks include** | |
| i. | Finance Leases amounting to ₹ 459 million (March 31, 2017: 574 million) are secured by hypothecation of assets underlying the leases. | ₹ 24 million (March 31, 2017: ₹ 37 million) repayable in monthly instalments.<br>₹ 50 million (March 31, 2017: Nil) repayable in monthly instalments.<br>₹ 137 million (March 31, 2017: ₹ 222 million) repayable in Quarterly instalments.<br>₹ 3 million (March 31, 2017: Nil) repayable in monthly instalments.<br>₹ 245 million (March 31, 2017: ₹ 315 million) repayable in monthly instalments.<br>The applicable rate of interest in respect of foreign currency finance lease liabilities other than banks is within a range of 3% to 6.4% (March 31, 2017: 2.5% to 7%). |

**(b) Terms of repayment for unsecured borrowings**

| | | Terms of Repayment |
|---|---|---|
| | **4.25% Senior Unsecured Bond Due 2018** | |
| | Loan amounting to ₹ 7,813 million (March 31, 2017: ₹ 6,905 million) | The bonds bear interest at a rate of 4.25% payable annually on 20th September of each year and will mature on September 20, 2018 at par.<br>The bonds constitute direct, unsecured and unguaranteed obligations of the Issuer ranking pari passu among each other and with all other unsecured and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law. |

| | | Terms of Repayment |
|---|---|---|
| | **Unsecured Foreign Currency Term Loans from Banks** | |
| i. | Loan amounting to Nil (March 31, 2017: ₹ 12 million) against:<br>1) Negative lien on pledge of shares of operating subsidiaries of Samvardhana Motherson Reflectec Group Holdings Limited (SMR)<br>2) Negative lien on assets of operating subsidiaries for any loan availed in operating subsidiaries of SMR over and above EUR 30 million on consolidated basis.<br>3) Undertaking from the Company and Samvardhana Motherson International Limited that they would not reduce their shareholding in SMR below 75%. | Fully repaid during year ended 31st March 2018. The applicable rate of interest is 1.5% |
| ii. | Loan amounting to ₹ 125 million (March 31, 2017: Nil). | Repayable in monthly instalments upto October 2020.<br>The applicable rate of interest is 5% |
| iii. | Loan amounting to ₹ 20 million (March 31, 2017: ₹ 25 million). | Repayable in remaining 36 equal monthly instalments until February 2021. |
| iv. | Loan amounting to ₹ 18 million (March 31, 2017: ₹ 40 million) | Repayable in equal monthly instalments commencing from September 2014 upto September 2018.<br>The applicable rate of interest is 5.6% |
| v. | Loan amounting to ₹ 22 million (March 31, 2017: ₹ 36 million) | Applicable interest rate of 4.74%, repayable in monthly instalments upto April, 2019. |
| vi. | Loan amounting to ₹ 8 million (March 31, 2017: ₹ 20 million) | Repayable in equal monthly instalments commencing from September 2014 upto September 2018.<br>The applicable rate of interest is 5.6% |
| vii. | Loan amounting to Nil (March 31, 2017: ₹ 2,822 million) | Fully repaid during financial year ended 31st March 2018.<br>The applicable rate of interest is Euribor + margin 0.85% |
| viii. | Loan amounting to ₹ 61 million (March 31, 2017: Nil). | Repayable in 36 equal monthly instalments until March 2021. |
| | **Unsecured Indian Rupee Loans from Other than Banks** | |
| | | Interest free loans of ₹ 57 million (March 31, 2017: ₹ 51 million) is repayable in November 2022 entirely in one instalment, against which a bank guarantee has been furnished by the company. |
| | **Unsecured Foreign Currency Loans from Other than Banks** | |
| | | Loan amounting to ₹ 59 million (March 31, 2017: ₹ 48 million) with no fixed repayments terms carrying Prime rate interest applicable in South Africa, which is 10.25%. |

| | | Terms of Repayment |
|---|---|---|
| | | Loan amounting to ₹ 2 million (March 31, 2017: ₹ 2 million) interest free with no fixed repayments terms. |
| | | Loan amounting to ₹ 53 million (March 31, 2017: ₹ 52 million) repayable in half yearly instalments until March 2024. |
| | | Loan amounting to ₹ 43 million (March 31, 2017: ₹ 43 million) repayable in 10 yearly instalments commencing from 2074. |
| | | Loan amounting to ₹ 37 million (March 31, 2017: ₹ 62 million ) repayable annually with final maturity in July 2026 carrying interest rate of 5% |
| | | Loan amounting to ₹ 19 million (March 31, 2017: ₹ 19 million) repayable in various instalments upto February 2023 carrying interest rate of 5% |
| | | Loan amounting to ₹ 6 million (March 31, 2017: ₹ 5 million) fully repayable in financial year 2018-19 carrying interest rate of 5% |
| | | Loan amounting to ₹ 7 million (March 31, 2017: ₹ 7 million) to be repaid by December 2023 carrying interest rate of 5% |
| | | Loan amounting to ₹ 108 million (March 31, 2017: ₹ 103 million). Interest free loan to be repaid yearly upto July 2026. |
| | | Loan amounting to ₹ 73 million (March 31, 2017: ₹ 76 million) carrying interest rate of 3.95% to be repaid yearly upto November 2022. |
| | | Loan amounting to ₹ 558 million (March 31, 2017: ₹ 496 million). Interest free loan to be repaid until 2025. |
| | **Unsecured Foreign Currency Finance Lease Liabilities Other than Banks include** | ₹ 14 million (March 31, 2017: ₹ 34 million) repayable in monthly instalments till life of assets purchased.<br>The applicable rate of interest is within a range of 1.02% to 2.6%. |
| | **Unsecured Indian Rupee Loans from Related Party** | Loan amounting to ₹ 1 million (March 31, 2017: Nil) repayable in March 2021 |

**Current borrowings:**

**Nature of Security for secured borrowings:**

1 ₹ 15 million (March 31, 2017: ₹ 37 million) repayable on demand, secured by first pari passu charge on entire current assets of the Company including receivables, both present and future and second pari passu charge over the fixed assets of the Company including equitable mortgage of specified properties.

2 ₹ 1,271 million (March 31, 2017: ₹ 1,265 million) secured by charge on the inventory and receivables of MSSL Wiring System Inc.

₹ 1,043 million (March 31, 2017: ₹ 32 million) secured by first pari passu charge on entire current assets SMP Automotive Systems Mexico S.A. de C.V. including receivables, both present and future and second pari passu charge over the fixed assets of SMP Automotive Systems Mexico S.A. de C.V. including equitable mortgage of specified properties.

₹ 64 million (March 31, 2017: Nil) secured over land building and receivables.

₹ 741 million (March 31, 2017: ₹ 1,125 million) secured over the inventory and receivables of SMP Automotive Interiors (Beijing) Co. Ltd.

₹ 6,074 million (March 31, 2017: ₹ 692 million) is secured against gaurantee of Samvardhana Motherson Automotive Systems Group BV (SMRP BV) and certain subsidiaries and also against same collaterals as all the existing Senior Secured Notes issued by SMRP BV and reported under non-current borrowings.

₹ 803 million (March 31, 2017: Nil) is secured against pledge on the share of SMP Automotive Technology Iberica S.L.U.

3 Nil (March 31, 2017: ₹ 76 million ) secured by bank deposit of SMR Automotive Yancheng Company Ltd.

₹ 38 million (March 31, 2017: ₹ 51 million ) secured over the inventory and receivables of Motherson Elastomers Pty. Ltd.

₹ 339 Million (March 31, 2017: NIL) secured against land & building of SMR Hyosang Automotive Ltd.

The rate of interest in respect of short term borrowing is applicable inter bank lending rate for loan currency / applicable base rate of commercial banks of the country of borrower plus spread of 0.0% to 5.0%

[#] The carrying amounts of financial and non financial assets pledged as security for current and non current borrowings are disclosed in Note 41

## 18 Other financial liabilities

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Non-current** | | |
| - Retention Money | 35 | 57 |
| - Security Deposit Received | 55 | 67 |
| - Recovery against Vehicle Loan | 106 | 82 |
| - Derivatives designated as hedges | 2,253 | 10 |
| | **2,449** | **216** |
| **Current** | | |
| - Current maturities of long term debt (Refer Note 17 (a)) | 8,735 | 1,832 |
| - Current maturities of finance lease obligations (Refer Note 17 (a)) | 232 | 243 |
| - Interest accrued but not due on borrowings | 897 | 871 |
| - Unpaid dividends [1] | 32 | 25 |
| - Employee benefits payable | 9,410 | 8,883 |
| - Security deposit received | 4 | 3 |
| - Payables relating purchase of fixed assets | 1,026 | 1,010 |
| - Derivatives designated as hedges | 1,696 | 23 |
| - Derivatives not designated as hedges | 12 | 35 |
| - Advance recovery from employee | 57 | 71 |
| - Liability towards buy out of minority shareholders of PKC Group Plc. (Refer note 47) | - | 1,699 |
| **Total** | **22,101** | **14,695** |

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

## 19 Trade Payables

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Total outstanding dues of micro and small enterprises [1] | 144 | 113 |
| Total outstanding dues of creditors other than micro and small enterprises | 86,900 | 70,538 |
| Trade payable to related parties (Refer note 39) | 3,596 | 2,352 |
| **Total** | **90,640** | **73,003** |

[1] Information in respect of Indian entities

## 20 Provisions

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| for warranties | 1,209 | 239 | 1,021 | 100 |
| for litigations / disputes | 51 | 55 | 302 | 65 |
| for onerous contracts | - | - | 9 | - |
| for others | 69 | - | 70 | 61 |
| **Total** | **1,329** | **294** | **1,402** | **226** |

**Warranty**

A provision is recognized for expected warranty claims on products sold during the last year, based on past experience of the level of repairs and returns. Due to the very nature of such costs, it is not possible to estimate the uncertainties relating to the outflows of economic benefits.

**Onerous Contracts**

Onerous contracts represent management's best estimate of the amount by which the expected benefits from certain specific contracts are lower than the unavoidable cost of meeting its obligations under those contracts. The time frame within which such provisions will unwind varies by contract.

**Litigations**

Provision for litigations/disputes represents claims against the company not acknowledged as debts that are expected to materialise in respect of matters in litigation.

Provision for litigation has been created in respect of following matters:

a. Labour claims - ₹ 100 million (March 31, 2017: ₹ 64 million): Amount of the provision relates to claims against the Company in respect of overtime payment, salary parity payment, tenure / damages caused by labour related diseases and labour accidents.

b. Tax and other claims - ₹ 6 million (March 31, 2017 : ₹ 92 million): Amount of the provision relates to claims against the company in respect of sales tax, excise and entry tax demands including interest thereon, where applicable, being contested by the Company. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

c. Litigations Cost - Nil (March 31, 2017 : ₹ 211 million): Amount of provision relates to costs to be incurred in respect of compensation claim, on Cross Industries (former shareholder of Peguform Group) for violation of obligations of the share purchase agreement, filed with International Chamber of Commerce.

The group has the following provisions in the books of account:

| | Warranty | | Onerous Contracts | | Litigations | |
|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **Opening Balance** | 1,121 | 1,237 | 9 | 10 | 367 | 216 |
| Additions during the year | 573 | 275 | - | - | 7 | 264 |
| Addition on account of acquisition | - | 8 | - | - | - | - |
| Utilised / Reversed during the year | (356) | (337) | (10) | - | (292) | (98) |
| Exchange translation adjustment | 110 | (62) | 1 | (1) | 24 | (15) |
| **Closing Balance** | **1,448** | **1,121** | **-** | **9** | **106** | **367** |

## 21 Employee benefit obligations

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Gratuity and pensions | 183 | 1,328 | 224 | 889 |
| Compensated absences | 154 | 477 | 142 | 378 |
| Longevity / jubilee bonus | - | 199 | - | 167 |
| Restructuring / severance costs | 102 | - | 131 | - |
| Others | 69 | 616 | 64 | 509 |
| **Total** | **508** | **2,620** | **561** | **1,943** |

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

### A. Defined Benefit Schemes

**Gratuity / Pension Benefits**

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

**(i) Present Value of Defined Benefit Obligation**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Obligations at year beginning** | **2,607** | **2,317** |
| Current service cost | 267 | 288 |
| Interest expense | 140 | 96 |
| (Gains) and losses on curtailment and settlement | - | (54) |
| **Amount recognised in profit or loss** | **407** | **330** |
| **Remeasurements** | | |
| Actuarial (gain) / loss from change in demographic assumption | (4) | 11 |
| Actuarial (gain) / loss from change in financial assumption | (27) | 69 |
| Experience (gains)/losses | 53 | 79 |
| **Amount recognised in other comprehensive income** | **22** | **159** |
| Effect of Exchange rate change | 492 | (68) |
| Payment from plan: | | |
| Benefit payments | (115) | (136) |
| Addition due to transfer of employee | 8 | 5 |
| **Obligations at year end** | **3,421** | **2,607** |

**(ii) Fair Value of Plan Assets**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Plan assets at year beginning, at fair value** | **1,494** | **1,283** |
| Interest income | 97 | 72 |
| **Amount recognised in profit or loss** | **97** | **72** |
| **Remeasurements** | | |
| Actuarial gain / (loss) from change in demographic assumption | - | 0 |
| Actuarial gain / (loss) from change in financial assumption | - | - |
| Return on plan assets, excluding amount included in interest income | (8) | (6) |
| **Amount recognised in other comprehensive income** | **(8)** | **(6)** |
| Effect of Exchange rate change | 57 | (7) |
| Payment from plan: | | |
| Benefit payments | (65) | (78) |
| Contributions: | | |
| Employers | 335 | 230 |
| **Plan assets at year end, at fair value** | **1,910** | **1,494** |

**(iii) Assets and Liabilities recognized in the Balance Sheet**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Present Value of the defined benefit obligations | 3,421 | 2,607 |
| Fair value of the plan assets | 1,910 | 1,494 |
| **Amount recognized as Liability** | **1,511** | **1,113** |

The group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions.

**(iv) Defined benefit obligations cost for the year:**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Current service cost | 267 | 288 |
| Interest Cost | 140 | 96 |
| Interest income | (97) | (72) |
| Actuarial (gain) / loss | 30 | 165 |
| **Net defined benefit obligations cost** | **340** | **477** |

**(v) Investment details of Plan Assets**

Companies within the Group operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. In respect of the companies incorporated in India, 100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. In case of South Korea fund has been deposited with Industrial Bank of Korea as required by local regulations and is guaranteed by government. In respect of other overseas entities, plan assets are funded through various institution.

The details of investments of plan assets are as follows:

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| LIC | 1,160 | 876 |
| Deposits with financial institution | 750 | 618 |
| **Total** | **1,910** | **1,494** |

In respect of LIC plan assets are invested by LIC as per their guidelines and no further details are available with the company. Further in respect of deposits with financial institutions although they are low interest bearing investments but are guaranteed by government.

**(vi) Actuarial assumptions:**

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Indian Entities | Outside India Entities | Indian Entities | Outside India Entities |
| Discount Rate per annum | 7.1%-7.20% | 1.70%- 7.90% | 7.1%-7.20% | 1.70%- 7.90% |
| Future salary increases | 8.00% | 2% - 8% | 8.00% | 2% - 8% |
| Pension growth rate | - | 1.50% - 2% | - | 1.50% - 2% |
| Mortality table * | - | - | - | - |

* Due to the use of different tables at different locations , this information is not disclosed.

**(vii) Expected Contribution to the Fund in the next year**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Gratuity | 249 | 382 |

**(viii) The following table shows breakdown of the defined benefit obligation and plan assets by country:**

| Plan Type | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | India | Outside India | Total | India | Outside India | Total |
| Present value of obligation | 1,345 | 2,076 | **3,421** | 1,146 | 1,461 | **2,607** |
| Fair value of plan asset | 1,160 | 750 | **1,910** | 876 | 618 | **1,494** |
| **Net liability** | **185** | **1,326** | **1,511** | **270** | **843** | **1,113** |

**(ix) Sensitivity Analysis**

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

| | Change in Assumption | | Impact | Increase in Assumption | | Impact | Decrease in Assumption | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | | March 31, 2018 | March 31, 2017 | | March 31, 2018 | March 31, 2017 |
| Discount Rate per annum | 0.50% | 0.50% | Decrease by | (52) | (127) | Increase by | 56 | 136 |
| Future salary increases | 0.50%-1% | 0.50%-1% | Increase by | 118 | 159 | Decrease by | (104) | (117) |
| Pension rate per annum | 0.50% | 0.50% | Increase by | 25 | 6 | Decrease by | (28) | (19) |
| Life expectancy | 1 year | 1 year | Increase by | 11 | 20 | Decrease by | (11) | (24) |

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

The method and type of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(x) Risk exposure**

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

| | |
|---|---|
| Asset Volatility | The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. In respect of companies incorporated in India, 100% of plan assets are lying with LIC under its group gratuity scheme. LIC is a central government monitored entity and its investment norms ensure adequate returns for investors along with surety of plan assets. In respect of overseas subsidiaries in Korea, the amount has been deposited with Industrial Bank of Korea as required by local regulations and is guaranteed by government. |
| Changes in bond yields | A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. |
| Inflation risks | In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk. |
| Life expectancy | The pension obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy. |

The liability recognised in the balance sheet in respect of defined benefit pension/gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries like India, there is no deep market in such bonds, therefore the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

**(xi) Defined benefit liability and employer contributions**

Weighted average duration of the defined benefit obligation is 2-14 years (March 31, 2017: 2-14 years).

Expected benefit payments are as follows:

| | Less than a year | Between 1-2 years | Between 2-5 years | Between 6-14 years | Total |
|---|---|---|---|---|---|
| **March 31, 2018** | | | | | |
| Defined benefit obligation (pension & gratuity) | 145 | 192 | 489 | 991 | 1,817 |
| **March 31, 2017** | | | | | |
| Defined benefit obligation (pension & gratuity) | 128 | 142 | 534 | 1,217 | 2,021 |

**B. Defined Contribution Schemes**

The Group deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Social Insurance for the benefit of the employees. Accordingly, the Group's contribution during the year that has been charged to revenue amounts to ₹ 9,561 million (March 31, 2017 : ₹ 8,081 million).

**22 Government grants**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening balance | 1,276 | 496 |
| Grants received during the year | 980 | 1,315 |
| Released to profit or loss (Refer note 26) | (791) | (522) |
| Addition on account of business combination (Refer Note 47) | 336 | - |
| Exchange differences | 243 | (13) |
| **Closing balance** | **2,044** | **1,276** |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Current portion | 110 | 48 |
| Non-current portion | 1,934 | 1,228 |
| **Total** | **2,044** | **1,276** |

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

Income tax assets and Income tax liabilities have been offset to the extent they relate to the same governing taxation laws.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Non-Current tax assets (net) | 1,061 | 397 |
| Current tax liabilities (net) | 2,261 | 1,629 |
| **Net tax liabilities / (Assets)** | **1,200** | **1,232** |

**24 (a) Other non-current liabilities**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Advance from Customers | 78 | 36 |
| Unearned Revenue | 3,664 | 1,659 |
| Others | 1,218 | 813 |
| | **4,960** | **2,508** |

**24 (b) Other current liabilities**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Other current liabilities | | |
| - Income received in advance | 3,380 | 4,277 |
| - Unearned revenue | 401 | 192 |
| - Statutory dues payable | 5,543 | 5,147 |
| - Advances received from customers | 2,119 | 1,680 |
| - Other payables | 5,882 | 4,215 |
| | **17,325** | **15,511** |

**25 Revenue from operations**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Sales of products (including excise duty)** | | |
| **Finished goods** | | |
| Within India | 68,927 | 64,590 |
| Outside India | 486,855 | 360,686 |
| Traded goods | 5,078 | 2,381 |
| **Total gross sales** | **560,860** | **427,657** |
| **Other operating revenue:** | | |
| Sales of services | 1,764 | 1,141 |
| Scrap sales | 546 | 301 |
| Job work income | 14 | 23 |
| Recovery from customers | 1,013 | 1,077 |
| Export incentives | 158 | 155 |
| Liabilities written back to the extent no longer required | 125 | 170 |
| Miscellaneous income | 733 | 1,046 |
| | **4,353** | **3,913** |
| **Total revenue from operation** | **565,213** | **431,570** |

Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The group collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017. Sales net of excise duty and excise duty on sales amount is given in below table.

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Excise duty included in sales of goods | 2,280 | 7,815 |
| Sales of goods net of excise duty | 558,580 | 419,842 |

**26 Other income**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Interest income | 331 | 425 |
| Dividend income from equity investments designated at fair value through OCI | 14 | 0 |
| Rent (refer Note 4 & 43) | 167 | 173 |
| Government grants & subsidies | 791 | 522 |
| Gain on step up of previously held equity interest in joint ventures | - | 466 |
| Profit on sale of investments | - | 780 |
| Miscellaneous income | 54 | 94 |
| Foreign exchange gain (net) | 344 | 182 |
| **Total** | **1,701** | **2,642** |

**27 Cost of materials consumed**

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Opening stock of raw materials | 17,406 | 11,479 |
| Opening stock of raw materials on acquisition (Refer note 47) | - | 5,522 |
| Add : Purchases of raw materials | 345,052 | 255,997 |
| Less: Closing stock of raw materials | 22,499 | 17,406 |
| Add: Exchange adjustment: | | |
| Exchange differences opening stock (gain)/loss | 890 | (293) |
| Exchange differences closing stock (loss)/gain | 893 | (678) |
| **Total** | **341,742** | **254,621** |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **(Increase)/ decrease in stocks** | | |
| Stock at the opening of the year: | | |
| Finished goods | 6,438 | 5,411 |
| Work-in-progress | 4,252 | 3,530 |
| Stock in trade | 80 | 72 |
| **Total A** | **10,770** | **9,013** |
| Add: Stock acquired on acquisition (Refer note 47) | | |
| Finished goods | 273 | 1,656 |
| Work-in-progress | - | 521 |
| **Total B** | **273** | **2,177** |
| Stock at the end of the year: | | |
| Finished goods | 7,796 | 6,438 |
| Work-in-progress | 5,931 | 4,252 |
| Stock in trade | 128 | 80 |
| **Total C** | **13,855** | **10,770** |

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Exchange adjustment: | | |
| Exchange differences opening stock (gain)/loss | 569 | (116) |
| Exchange differences closing stock (loss)/gain | (32) | (372) |
| **Total D** | **537** | **(488)** |
| **(Increase)/ decrease in stocks (A+B-C+D)** | **(2,275)** | **(68)** |

## 29 Employee benefit expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Salary, wages & bonus | 95,823 | 69,360 |
| Contribution to provident, superannuation & other fund | 9,561 | 8,081 |
| Gratuity & pension (Refer note 21) | 310 | 312 |
| Staff welfare expenses | 4,896 | 2,895 |
| Restructuring/ severance costs | 88 | 261 |
| **Total** | **110,678** | **80,909** |

## 30 Other expenses

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Electricity, water and fuel | 7,804 | 6,504 |
| Repairs and Maintenance: | | |
| Machinery | 6,026 | 4,031 |
| Building | 1,705 | 1,516 |
| Others | 1,834 | 1,385 |
| Consumption of stores and spare parts | 2,754 | 2,308 |
| Conversion charges | 2,081 | 224 |
| Excise Duty expenses [1] | (95) | 26 |
| Lease rent (operating leases) (Refer note 43) | 5,825 | 4,543 |
| Rates & taxes | 952 | 838 |
| Insurance | 844 | 713 |
| Donation | 58 | 91 |
| Travelling | 3,335 | 2,374 |
| Freight & forwarding | 6,328 | 4,607 |
| Royalty | 84 | 328 |
| Commission | 55 | 47 |
| Loss on sale of property, plant & equipment(net) | 59 | 44 |
| Bad debts/advances written off | 40 | 110 |
| Provision for doubtful debts/advances | 196 | 140 |
| Legal & professional expenses | 5,500 | 4,857 |
| Miscellaneous expenses | 12,523 | 8,985 |
| **Total** | **57,908** | **43,671** |

[1] Represents excise duty related to the differences between the closing stock and the opening stock.

## 31 Finance costs

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Interest on long term borrowings | 2,022 | 2,450 |
| Commitment charges on borrowings | 150 | 138 |
| Other finance costs [1] | 1,936 | 1,161 |
| **Total** | **4,108** | **3,749** |

[1] Includes foreign exchange loss/(gain) on long term loan facilities.

## 32 Depreciation and amortization expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Depreciation on Property, plant and equipment [1] | 12,716 | 10,352 |
| Amortization on Intangible assets | 2,956 | 219 |
| Depreciation on Investment Property | 86 | 27 |
| Less: Capitalised during the year [1] | (6) | (7) |
| **Total** | **15,752** | **10,591** |

[1] Depreciation on assets used for creation of self generated assets. (Refer Note 3)

## 33 Exceptional items (income)/ expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Acquisition cost in respect of PKC Group Plc.[1] | - | 974 |
| Proposed acquisition cost in respect of Reydel (Refer Note 54) [1] | 181 | - |
| SMP Bond Redemption premium and amortisation cost (Refer Note 53) [1] | 1,596 | - |
| **Total** | **1,777** | **974** |

[1] Exceptional items are in the nature of following expenses:

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Legal & Professional expenses | 181 | 595 |
| Miscellaneous expenses | - | 379 |
| Finance cost | 1,596 | - |

## 34 Income tax expense

### (a) Income tax expense

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Current tax** | | |
| Current income tax charged | 10,459 | 9,082 |
| Adjustments for current tax of prior years | (443) | (455) |
| **Total current tax expense** | **10,016** | **8,627** |
| **Deferred tax (Refer note 10)** | | |
| Decrease / (increase) in deferred tax assets | (349) | 44 |
| (Decrease) / increase in deferred tax liabilities | 405 | 432 |
| **Total deferred tax expense / (benefit)** | **56** | **476** |
| **Income tax expense** | **10,072** | **9,103** |

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

| | For the year ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Profit before income tax expense | 32,671 | 30,827 |
| **Tax at the India's tax rate of 34.608%** | 11,307 | 10,669 |
| Tax effect of amounts which are not deductible in calculating taxable income (net off exempt income) | 1,257 | 72 |
| Withholding Taxes | 286 | 162 |
| Utilisation of previously unrecognised tax loses | (1,514) | (682) |
| Adjustments for current tax of prior periods | (443) | (455) |
| Tax effect of losses on which deferred tax assets not recognised | 1,518 | 1,056 |
| Difference in overseas tax rates | (2,101) | (1,361) |
| Other adjustments | (238) | (358) |
| **Income tax expense** | **10,072** | **9,103** |

**(c) Tax losses**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred income tax assets in respect of losses amounting to ₹ 37,055 million (March 31,2017: ₹ 21,347 million). that can be carried forward against future taxable income. These losses can be carried-forward as below:

| | March 31, 2018 |
|---|---|
| Losses without expiration date | 24,896 |
| Losses with expiration date | 12,159 |
| | **37,055** |

**(d)** Certain subsidiaries, joint ventures and associates of the group have undistributed retained earnings (excluding retained earnings for entities where there is no tax on dividend distribution) amounting to ₹ 42,381 million (March 31, 2017: ₹ 31,024 million) , which if distributed out as dividend would result in tax liability of group. Keeping in view that, no profit is proposed to be distributed in the immediate future by way of dividend out of such undistributed retained earnings, no deferred tax liabilities has been recognised.

**35 Earnings per share**

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **a)** | **Basic** | | |
| | Net profit after tax | 15,970 | 15,543 |
| | Equity shares outstanding at the beginning of the year | 1,403,526,327 | 1,322,879,040 |
| | Add: Bonus shares issued by capitalisation of securities premium | 701,763,164 | - |
| | Add: Weighted average number of shares issued | - | 43,722,097 |
| | Add: impact of bonus share issued in FY 2017-18 on weighted average number of equity share to calculate earning per shares for FY 2016-17 | - | 683,300,569 |
| | Weighted Average number of equity shares used to compute basic earnings per share | 2,105,289,491 | 2,049,901,706 |
| | Basic earnings (in ₹) per share of ₹ 1 each (March 31, 2017: ₹ 1 each) | 7.59 | 7.58 |

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **b)** | **Diluted** | | |
| | Net profit after tax available for equity Shareholders | 15,970 | 15,543 |
| | Weighted average number of Equity Shares of ₹ 1 each (March 31, 2017 : ₹ 1 each ) | 2,105,289,491 | 2,049,901,706 |
| | Diluted earnings (in ₹) per share of ₹ 1 each (March 31, 2017: ₹ 1 each) | 7.59 | 7.58 |

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

## 36 Fair value measurements

### Financial instruments by category

| | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| **Financial assets** | | | | | | |
| Investments | - | 2,476 | - | - | 692 | - |
| Trade receivables | - | - | 65,701 | - | - | 53,084 |
| Loans | - | - | 464 | - | - | 710 |
| Cash and cash equivalents | - | - | 27,706 | - | - | 48,772 |
| Bank balances other than above | - | - | 109 | - | - | 94 |
| Derivative financial assets | - | 268 | - | 444 | 313 | - |
| Other financial assets | - | - | 37,050 | - | - | 23,146 |
| **Total financial assets** | **-** | **2,744** | **131,030** | **444** | **1,005** | **125,805** |
| **Financial Liabilities** | | | | | | |
| Borrowings including current maturities | - | - | 103,736 | - | - | 103,493 |
| Derivative financial liabilities | 12 | 3,949 | - | 35 | 33 | - |
| Trade payable | - | - | 90,640 | - | - | 73,003 |
| Other financial liabilities | - | - | 11,622 | - | - | 12,768 |
| **Total financial liabilities** | **12** | **3,949** | **205,998** | **35** | **33** | **189,264** |

### i. Fair value hierarchy

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2018

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial asset** | | | | | |
| **Financial Investments at FVOCI** | | | | | |
| Listed equity investments | 6(a), 6(b) | 15 | - | - | 15 |
| Unquoted equity investments | 6(a), 6(b) | - | - | 2,461 | 2,461 |
| **Derivatives designated as hedges** | | | | | |
| Foreign exchange forward contracts | 9 | - | 268 | - | 268 |
| **Total** | | **15** | **268** | **2,461** | **2,744** |

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| **Derivatives designated as hedges** | | | | | |
| Cross currency interest rate swap | 18 | - | 3,949 | - | 3,949 |
| **Total** | | **-** | **3,949** | **-** | **3,949** |

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2017

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial asset** | | | | | |
| **Financial Investments at FVOCI** | | | | | |
| Listed equity investments | 6(a), 6(b) | 16 | - | - | 16 |
| Unquoted equity investments | 6(a), 6(b) | - | - | 676 | 676 |
| **Derivatives designated as hedges** | | | | | |
| Foreign exchange forward contracts | 9 | - | 71 | - | 71 |
| Interest rate swaps | | | 242 | | 242 |
| **Derivatives not designated as hedges** | | | | | |
| Cross currency interest rate swap | 9 | - | - | 67 | 67 |
| Interest rate derivatives | 9 | - | - | 377 | 377 |
| **Total** | | **16** | **313** | **1,120** | **1,449** |
| **Financial liabilities** | | | | | |
| **Derivatives designated as hedges** | | | | | |
| Cross currency interest rate swap | 18 | - | 33 | - | 33 |
| **Total** | | **-** | **33** | **-** | **33** |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **At March 31, 2018** | | | | |
| **Financial liabilities** | | | | |
| Borrowings [1] | 49,411 | - | 54,804 | 104,215 |
| **Total financial liabilities** | **49,411** | **-** | **54,804** | **104,215** |
| **At March 31, 2017** | | | | |
| **Financial liabilities** | | | | |
| Borrowings [1 & 2] | 62,222 | - | 53,990 | 116,212 |
| **Total financial liabilities** | **62,222** | **-** | **53,990** | **116,212** |

Due to the short-term nature of cash and cash equivalents and the short-term maturities of trade receivables, loans, other current receivables, trade payables and other financial liabilities, their fair values are equal to their carrying amounts.

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

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

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

[1] Includes 3.7% senior secured notes due 2025 amounting to EUR 100 million, [₹ 8,349 million (March 31, 2017: ₹ 6,776 million)] which are held by limited set of investors and are not very actively traded on the stock exchange, as a result fair value of these notes is based on computed prices and hence fall in level 3 hierarchy.

[2] The Company has taken interest rate swap for the borrowing with fixed interest rate amounting to ₹ 5,750 million (March 31,2017: ₹ 5,750 million), because of this, effective finance cost to the company is at current market rate.

### ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

| | Unquoted Equity securities |
|---|---|
| **As at April 01, 2016** | **582** |
| Addition / Acquisitions | 466 |
| Disposals | (419) |
| Exchange gain / (loss) | 28 |
| Gains / (losses) recognised in other comprehensive income | 19 |
| **As at March 31, 2017** | **676** |
| Addition / Acquisitions | 1,653 |
| Disposals | - |
| Exchange gain / (loss) | 179 |
| Gains / (losses) recognised in other comprehensive income | (47) |
| **As at March 31, 2018** | **2,461** |

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial assets** | | | | |
| Loans | 48 | 48 | 58 | 58 |
| Trade receivables | 9,465 | 9,465 | 6,532 | 6,532 |
| Other financial assets | 182 | 182 | 192 | 192 |
| | **9,695** | **9,695** | **6,782** | **6,782** |

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial liabilities** | | | | |
| Borrowings | 103,736 | 104,215 | 103,493 | 116,212 |
| Other financial liabilities | 196 | 196 | 206 | 206 |
| | **103,932** | **104,411** | **103,699** | **116,418** |

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

**v. Valuation inputs and relationships to fair value**

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

| Particulars | Fair value as at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Unquoted equity shares | 2,461 | 676 |
| **Significant unobservable inputs#** | | |
| Earnings growth rate | 5% | 3% |
| Risk adjusted discount rate | 16% | 15% |
| **Impact of change in risk adjusted discount rate*** | | |
| Decrease in discount rate by 0.50% | 13 | 10 |
| Increase in discount rate by 0.50% | (12) | (9) |
| **Impact of change in earning growth rate*** | | |
| Decrease in growth rate by 0.50% | (10) | (6) |
| Increase in growth rate by 0.50% | 11 | 7 |

# There were no significant inter-relationships between unobservable inputs that materially affect fair values

*Holding all the other variable constant, for other significant investment, fair valuation was not performed as at reporting date since the acquisition is made close to reporting period or there is recent investment by other investors and thus transaction value represents fair value, hence sensitivity analysis has not been considered.

**37 Financial risk management**

The Group, as an internationally active supplier for the automobile industry expose its business and products to various market risks, credit risk and liquidity risk. The group's global presence and decentralised management structure with the main activities in the plants make necessary organised risk management system. The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risk in which the group is exposed to and how it manages the risk.

**A. Market risk:**

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

**a. Price risk:**

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

The key raw material for the group's wiring harness business is copper. There is substantial fluctuations in prices of copper. The group has arrangements with its major customers for passing on the price impact. The group has also entered into forward contracts to hedge copper prices at the behest of the customers.

The major raw materials used by Polymer Division of the group are polypropylenes, polycarbonates and various grades of nylons and resins. The group is having arrangement with major customers for actualization of raw material price variations periodically. Motherson Polymer Solutions has been established with a view of taking leverage on group's bulk consumption on major grades. The group will further achieve operational synergies through the horizontal and vertical integration of SMP's operations and products, by sourcing raw materials, inputs like wiring harnesses and smaller plastic parts etc. from its group companies where possible. The setting up of GSP further strengthens the procurement function.

The main inputs for the group's mirror business are glass actuators, powerfolds, glass, electrochromatic glass ("EC glass"), wiring harnesses, electronics, electrical parts, die casting, plastic parts and resins. The group has arrangements with its major customers for passing on the price impact.

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

**b. Foreign currency risk:**

Foreign currency risk arise from monetary receivables and obligations expressed in a currency other than functional currency of each entity in the group. The group has operations in 33 countries, largely catering domestic customers in the country of its operation. Primarily the group is catering to customers in their local currency resulting in natural hedge. However in certain geographies wherein there are certain foreign currency expenditure, the group companies obtain hedge against those material foreign currency risk exposures which aligns to group's risk management policies. The group's major exposure in foreign currency is in respect of borrowings which is availed based on consideration of optimisation of overall cost of borrowing. The group has entered into fixed cross currency interest swap to hedge said foreign currency exposure.

**The derivative instruments exposure is as follows:**

**(i) Derivatives outstanding as at the reporting date**

Amounts in million

| Particulars/ Purpose | Currency | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| Hedge of external commercial borrowings and long term loans (Buy) | USD : INR | - | USD 0; INR 32 |
| Forward Contract (Buy) | USD : INR | - | USD 3; INR 167 |
| | USD : EUR | USD 12 ; INR 956 | USD 11 ; INR 669 |
| | HUF : EUR | HUF 4,578; INR 1,172 | HUF 2,208; INR 476 |
| | CZK : EUR | CZK 409; INR 1293 | - |
| | MXP : USD | MXP 2,428; INR 8,066 | MXP 1,681; INR 5,472 |
| | CNY : EUR | CNY 0; INR 1 | - |
| | CNY : EUR | CNY 32; INR 313 | - |
| | USD : AUD | USD 3; INR 210 | - |
| | EUR : AUD | EUR 0; INR 0 | - |
| Forward Contract (Sell) | MXP : USD | - | MXP 58; INR 200 |
| | USD : EUR | USD 5; INR 327 | - |
| | EUR : USD | EUR 2; INR 195 | - |
| | USD : AUD | USD 5; INR 286 | - |
| | EUR : KRW | EUR 5; INR 415 | EUR 5; INR 355 |
| Cross currency swap | USD : EUR | USD 80; EUR 74 | USD 80; EUR 74 |
| | USD : EUR | USD 235; EUR 191 | USD 175; EUR 158 |
| | INR : EUR | INR 5,750; EUR 81 | INR 5,750; EUR 81 |

**Sensitivity**

Due to vary nature of our contracts with major OEMs any significant change in foreign currency on imported purchase are passed on to customers. In respect of borrowings the management expects natural hedge as earnings in foreign currency will be utilised for repayment of borrowings and thus no material impacts.

**c. Interest rate risk:**

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long term debt obligation at floating interest rates.

The group's approximately 86% (previous year 85%) of long term debt (i.e. more than 70% or gross debt) is borrowed at a fixed rate of interest in a range of 0.6% p.a. to 10.75% p.a.

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Variable rate borrowings | 28,756 | 21,293 |
| Fixed rate borrowings | 74,980 | 82,200 |
| **Total borrowings** | **103,736** | **103,493** |

Profit / loss is sensitive to higher / lower interest expense from borrowings as a results of changes in interest rates. Holding all other variable constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rate on floating portion of borrowings.

| | Impact on profit before tax | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Interest rates-increase by 50 basis points* | (144) | (106) |
| Interest rates-decrease by 50 basis points* | 144 | 106 |

** Holding all other variables constant*

**B. Credit risk:**

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

**Trade receivables**

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

**Financial instruments and cash deposits**

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

**C. Liquidity risk:**

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

(a) Financing arrangements

The Group has access to the following undrawn borrowing facilities, which are in nature of working capital loans, at the end of the reporting period.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Floating rate | 53,968 | 34,259 |

(b) Maturities of financial liabilities

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

**Contractual maturities of financial liabilities**

| Year Ending March 31, 2018 | Less than 1 Year | Between 1 and 5 years | More than 5 Years | Total |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings | 27,803 | 43,533 | 31,927 | **103,263** |
| Obligation under finance lease | 232 | 241 | - | **473** |
| Trade payables | 90,640 | - | - | **90,640** |
| other financial liabilities | 11,426 | 196 | - | **11,622** |
| **Total non-derivative liabilities** | **130,101** | **43,970** | **31,927** | **205,998** |
| **Derivatives (net settled)** | | | | |
| Foreign exchange forward contracts | 1,708 | 2,253 | - | **3,961** |
| **Total derivative liabilities** | **1,708** | **2,253** | **-** | **3,961** |

| Year Ending March 31, 2017 | Less than 1 Year | Between 1 and 5 years | More than 5 Years | Total |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings | 12,194 | 97,276 | 8,407 | **117,877** |
| Obligation under finance lease | 243 | 365 | - | **608** |
| Trade payables | 73,169 | - | - | **73,169** |
| other financial liabilities | 12,396 | 206 | - | **12,602** |
| **Total non-derivative liabilities** | **98,002** | **97,847** | **8,407** | **204,256** |
| **Derivatives (net settled)** | | | | |
| Foreign exchange forward contracts | 58 | 10 | - | **68** |
| **Total derivative liabilities** | **58** | **10** | **-** | **68** |

**Impact of hedging activities**

**a Disclosure of effects of hedge accounting on financial position**

**March 31, 2018**

| Type of hedge and risks | Nominal value | Carrying amount of hedging instruments | | Maturity date | Hedge ratio | Weighted average strike price / rate | Changes in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---|---|---|---|---|---|---|---|
| | | Assets | Liabilities | | | | | |
| **Cash flow hedge** | | | | | | | | |
| (i) Foreign exchange forward contracts | MXP 544 | 103 | - | Apr'2018 - Mar'2019 | 1:1 | USD:MXP : 19.75 | 103 | (103) |
| | MXP 44 | 7 | - | Apr'2018 - Mar'2019 | 1:1 | USD:MXP : 19.48 | (1) | 1 |
| | EUR 16 | 24 | - | Apr'2018 - Sep'2018 | 1:1 | USD:EUR - 0.8242 | 24 | (24) |
| | MXP 592 | 121 | - | Sep'2018 - Mar'2019 | 1:1 | USD:MXN - 20.23 | 121 | (121) |
| | USD 3 | 1 | - | Apr'2018 | 1:1 | EUR:USD - 1.2381 | 1 | (1) |

| Type of hedge and risks | Nominal value | Carrying amount of hedging instruments | | Maturity date | Hedge ratio | Weighted average strike price / rate | Changes in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---|---|---|---|---|---|---|---|
| | | Assets | Liabilities | | | | | |
| | CNY 32 | 9 | - | Apr'2018 - May'2019 | 1:1 | EUR:CNY - 8.1419 | 9 | (9) |
| | HUF 4,578 | 3 | - | Apr'2018 - Aug'2018 | 1:1 | EUR:HUF - 313.5314 | 3 | (3) |
| (ii) Cross currency interest rate swap | USD 175 | - | 1,876 | Dec'2021 | 1:1 | EUR:USD - 1.1077 | (2,118) | 2,118 |
| | USD 60 | - | 377 | Jun'2019 | 1:1 | EUR:USD - 1.1394 | (377) | 377 |
| | USD 80 | - | 805 | Mar'2022 | 1:1 | EUR:USD: 1.0783 | (805) | 805 |
| | INR 5,750 | - | 891 | Mar'2022 | 1:1 | EUR:INR: 64.4517 | (891) | 891 |

**March 31, 2017**

| Type of hedge and risks | Nominal value | Carrying amount of hedging instruments | | Maturity date | Hedge ratio | Weighted average strike price / rate | Changes in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---|---|---|---|---|---|---|---|
| | | Assets | Liabilities | | | | | |
| (i) Foreign exchange forward contracts | MXP 221 | 25 | - | Apr'2017 - Mar'2018 | 1:1 | USD:MXN 19.7905 | 25 | (25) |
| | MXP 6 | - | 1 | Apr'2017 - May'2017 | 1:1 | USD:MXN : 18.3697 | (1) | 1 |
| | HUF 2,208 | 18 | - | Apr'2017 - Jun'2017 | 1:1 | EUR:HUF : 319.9443 | 18 | (18) |
| | MXP 76 | 14 | - | Apr'2017 - Jul'2017 | 1:1 | USD:MXN : 19.9232 | 14 | (14) |
| | EUR 10 | - | 32 | Apr'2017 - Mar'2018 | 1:1 | USD:EUR - 0.8826 | (32) | 32 |
| | MXP 58 | 14 | - | Apr'2017 - May'2017 | 1:1 | USD:MXN - 20.1533 | 14 | (14) |
| (ii) Cross currency interest rate swap | USD 175 | 242 | - | Dec'2021 | 1:1 | EUR:USD - 1.1077 | 242 | (242) |

## 38. Capital management

### (a) Risk management

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

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

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Net Debt | 75,953 | 54,653 |
| EBITDA | 52,927 | 44,310 |
| **Net Debt to EBITDA** | **1.44** | **1.23** |

In above table March 31, 2017 EBITDA does not include EBIDTA of PKC Group Plc., which was acquired on March 27, 2017, whereas net debt includes PKC's net debt.

**(i) Loan covenants**

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

**(b) Dividends**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **On Equity shares of ₹ 1 each** | | |
| **Final dividend** | | |
| Amount of dividend paid | 4,210 | - |
| Dividend per equity share | 2.0 | - |

## 39 Related Party Disclosures

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

**a. Promoters / Entities with joint control over the entity**

| | Name | Place of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 |
| 1 | Samvardhana Motherson International Limited | India | 33.43% | 34.81% |
| 2 | Sumitomo Wiring Systems Limited, Japan | Japan | 25.10% | 25.10% |

**b. Joint Ventures:**

1 Kyungshin Industrial Motherson Private Limited

2 Calsonic Kansei Motherson Auto Products Private Limited

3 Ningbo SMR Huaxiang Automotive Mirrors Co. Limited

4 Chongqing SMR Huaxiang Automotive Products Limited

5 Eissmann SMP Automotive interieur Slovakia s.r.o.

**c. Associate Companies:**

1 Saks Ancillaries Limited

2 Re-time Pty Limited

3 Hubei Zhengao PKC Automotive Wiring Company Ltd. (incorporated on August 01, 2017)

**II. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties:**

**(a) Key management personnel compensation**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Short-term employee benefits | 196 | 64 |
| Post-employment benefits | 34 | 32 |
| Long-term employee benefits | 12 | 14 |
| Directors commission/sitting fees | 20 | 20 |
| **Total compensation** | **262** | **130** |

**(b) Transactions with related parties**

| S. No. | Particulars | Associate companies | | Joint Ventures | | Key management personnel | | Joint control over the entity | | Other related parties | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| 1 | Sale of products | - | - | 4,945 | 3,201 | - | - | 3 | 76 | 286 | 182 |
| 2 | Sales of services | - | - | 688 | 417 | - | - | 12 | 5 | 68 | 70 |
| 3 | Rent income | - | - | 28 | 33 | - | - | - | - | 57 | 54 |
| 4 | Sale of fixed assets | - | - | - | - | - | - | - | - | - | 16 |
| 5 | Purchase of goods | - | - | 2,934 | 4,615 | - | - | 13,454 | 5,290 | 1,726 | 2,313 |
| 6 | Purchase of fixed assets | - | - | - | - | - | - | 108 | 103 | 1,583 | 1,094 |
| 7 | Purchase of services | - | - | 5 | 6 | - | - | 59 | 94 | 2,043 | 1,726 |
| 8 | Rent expense | 3 | 2 | - | - | 5 * | 5* | 14 | 3 | 766 | 573 |
| 9 | Reimbursement made | - | - | 2 | 0 | 0 | 0 | 10 | 1 | 61 | 86 |
| 10 | Reimbursement received | - | - | 1 | 1 | - | - | 5 | 4 | 35 | 15 |
| 12 | Shares issued during the year | - | - | - | - | - | - | - | 5,631 | 2 | - |
| 13 | Investments redeemed/ sale of shares | - | - | - | - | - | - | - | - | - | 45 |
| 14 | Royalty | - | - | - | - | - | - | 82 | 329 | - | 0 |
| 15 | Dividend paid | - | - | - | - | 120 ** | - | 2,522 | - | 5 | 2 |
| 16 | Dividend received | - | - | 215 | 172 | - | - | - | - | 2 | - |
| 17 | Capital received from minority | - | - | - | - | - | - | - | - | 2 | - |

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

| S. No. | Particulars | Associate companies | | Joint Venture | | Key Management personnel | | Joint control over the entity | | Other related parties | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| 1 | Trade Payable | 0 | 1 | 342 | 358 | - | 14 | 2,398 | 1,255 | 856 | 724 |
| 2 | Trade Receivable | - | - | 1,389 | 622 | - | - | 3 | 2 | 166 | 104 |
| 3 | Capital advances | - | - | - | - | - | - | - | - | 98 | 5 |
| 4 | Advances recoverable | - | - | - | 0 | - | - | 0 | - | 341 | 329 |
| 5 | Investments* | - | - | - | - | - | - | - | - | 14 | 205 |
| 6 | Advances from customer | - | - | - | 0 | - | - | - | (0) | (0) | (0) |

* Investment in joint venture and associates companies are not disclosed in above table. Refer note 45 for investment in joint ventures and associates.

### (d) Loans & advances to / from related parties

| S. No. | Particulars | Associate Companies | | Joint Venture | | Key Management personnel | | Joint control over the entity | | Other related parties | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| i. | **Security deposits given:** | | | | | | | | | | |
| | Beginning of the year | - | - | - | - | - | - | - | - | 434 | 411 |
| | Security deposit given | - | - | - | - | - | - | - | - | 47 | 34 |
| | Security deposits received back | - | - | - | - | - | - | - | - | (12) | (11) |
| | **End of the year** | - | - | - | - | - | - | - | - | 469 | 434 |
| ii. | **Security Deposit Received:** | | | | | | | | | | |
| | Beginning of the year | - | - | 35 | 36 | - | - | - | - | 16 | 20 |
| | Security deposits received | - | - | - | - | - | - | - | - | - | - |
| | Security deposits repaid | - | - | - | (1) | - | - | - | - | - | (4) |
| | **End of the year** | - | - | 35 | 35 | - | - | - | - | 16 | 16 |
| iii. | **Loans given:** | | | | | | | | | | |
| | Beginning of the year | - | - | - | 51 | - | - | - | - | 447 | 213 |
| | Loans given | - | - | - | - | - | - | - | - | 173 | 414 |
| | Interest income | - | - | - | 5 | - | - | - | - | 11 | 10 |
| | Loans & interest received back | - | - | - | (56) | - | - | - | - | (431) | (190) |
| | **End of the year** | - | - | - | - | - | - | - | - | 200 | 447 |
| iv. | **Loans taken:** | | | | | | | | | | |
| | Beginning of the year | - | - | - | - | - | - | - | 98 | - | - |
| | Loans received | - | - | - | - | - | - | - | - | - | 30 |
| | Interest expense | - | - | - | - | - | - | 1 | 7 | - | - |
| | Loans repaid | - | - | - | - | - | - | - | (98) | - | (30) |
| | Interest paid | - | - | - | - | - | - | - | (7) | - | - |
| | **End of the year** | - | - | - | - | - | - | 1 | - | - | - |

* Rent of ₹ 5 million (March 31, 2017: ₹ 5 million) paid to Mr. V.C Sehgal, Mr. Laksh Vaaman Sehgal, Ms. Renu Sehgal, and Ms. Vidhi Sehgal.

**Dividend of ₹ 120 million (March 31, 2017 : NIL) paid to Mr. V. C. Sehgal, Mr. Laksh Vaaman Sehgal, Ms. Renu Sehgal, Ms. Neelu Mehra, Ms. Geeta Soni, Mr. Pankaj Mital, Mr. G.N. Gauba, and Ms. Geeta Mathur

## 40 Segment Information:

### (a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker ""CODM"" of the group. The CODM, who is responsible for allocating resources and assessing performance of the operating segments examines the group's performance categorized in to following segments:

| Segments | Description |
|---|---|
| MSSL Standalone | Represents standalone operations of Motherson Sumi Systems Limited, engaged mainly in the business of manufacturing and trading of automobile parts for commercial and passenger vehicles. |
| SMR | Represents subsidiaries of Samvardhana Motherson Reflectec Group Holdings Limited which are engaged in development, manufacture and supply of rear view mirrors and drive assistance systems. |
| SMP | Represents subsidiaries of Samvardhana Motherson Automotive Systems Group B.V. (SMRP BV) (an overseas subsidiary of the Company) which are engaged in manufacturing and supplies of plastic parts and system modules for vehicle interiors and exteriors. |
| PKC | Represents PKC Group Plc including its subsidiaries. PKC is engaged in designing, manufacturing and integrating electrical distribution systems, electronics and related components for commercial vehicle industries, rolling stock manufacturers and other related segments. |
| Others | Comprise other subsidiaries of the Company (excluding SMR, SMP and PKC defined above) that are below the thresholds for separate reporting as operating segments. |

The CODM primarily uses a measure of revenue from operation and earnings before interest, tax, depreciation, amortisation and exceptional item (EBITDA) to assess the performance of the operating segments on monthly basis.

**Unallocated:**

Revenue, expenses, assets and liabilities have been identified to a segment on the basis of relationship to operating activities of the segment. Assets and liabilities which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed under unallocated.

**Inter Segment transfer:**

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the group level.

**(b) Revenue from operation**

Interest income, rental income, dividend income, income recognised on sales of assets and investment are excluded from segment revenue. Transactions between segments are carried out at arm's length and are eliminated on consolidation. The segment revenue is measured in the same way as in the statement of profit or loss.

| Revenue from operation (excludes interest income & Foreign exchange gain) | March 31, 2018 | March 31, 2017 |
|---|---|---|
| MSSL Standalone | 76,673 | 70,021 |
| SMR | 121,142 | 118,225 |
| SMP | 261,636 | 220,896 |
| PKC | 79,389 | - |
| Others | 39,765 | 34,213 |
| **Total** | **578,605** | **443,355** |
| **Less: Intersegment** | 13,392 | 11,785 |
| **Total revenue from operation as per profit and loss statement** | **565,213** | **431,570** |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Revenue from external customers** | | |
| India | 74,032 | 67,912 |
| Germany | 154,912 | 130,439 |
| Spain | 71,498 | 55,165 |
| USA | 77,208 | 43,438 |
| Others* | 187,563 | 134,616 |
| | **565,213** | **431,570** |

* None of the other countries contribute materially to the revenue of the group.

**(c) EBITDA**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| MSSL Standalone | 14,723 | 13,829 |
| SMR | 15,016 | 12,614 |
| SMP | 15,684 | 14,880 |
| PKC | 5,552 | - |
| Others | 9,138 | 12,767 |
| **Total** | **60,113** | **54,090** |
| **Less: Intersegment** | 7,186 | 9,780 |
| **Total** | **52,927** | **44,310** |
| **Add: unallocated income / (expenses)** | | |
| Depreciation | (15,752) | (10,591) |
| Finance costs | (4,108) | (3,749) |
| Company's share in net profit / (loss) of associates and joint ventures accounted for using the equity method | 1,381 | 1,831 |
| Exceptional items income/ (expense) | (1,777) | (974) |
| Income tax expense | (10,072) | (9,103) |
| **Profit after tax** | **22,599** | **21,724** |

**(d) Segment Assets**

Segment assets are allocated based on the operations of the segment and the physical location of the asset. Assets not used directly in operations of the segment like investments, other common assets are reported as unallocated assets.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| MSSL Standalone | 39,471 | 36,482 |
| SMR | 51,290 | 43,183 |
| SMP | 162,296 | 112,659 |
| PKC | 43,679 | 35,966 |
| Others | 116,774 | 116,315 |
| **Total** | **413,510** | **344,605** |
| **Less: Intersegment** | 55,120 | 39,167 |
| **Unallocated:** | | |
| Deferred Tax | 6,266 | 5,024 |
| Non-current Tax | 1,061 | 397 |
| Other corporate assets and investments | 9,260 | 12,838 |
| **Total assets as per balance sheet** | **374,977** | **323,697** |

Total of non-current assets other than financial instruments, investments accounted for using equity methods and deferred tax assets broken down by location of the assets, is shown below:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| India | 18,352 | 16,777 |
| Germany | 28,774 | 24,561 |
| Spain | 8,379 | 8,491 |
| USA | 21,682 | 16,660 |
| Others* | 101,860 | 79,554 |
| | **179,047** | **146,043** |

* None of the other countries contribute materially to the non-current assets other than financial instruments, investments accounted for using equity methods and deferred tax assets of the group.

**(e) Segment liabilities**

Segment liabilities are allocated based on the operations of the segment. Liabilities not used directly in operations of the segment common liabilities like borrowings are reported as unallocated liabilities.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| MSSL Standalone | 26,262 | 24,291 |
| SMR | 26,363 | 22,855 |
| SMP | 56,544 | 25,080 |
| PKC | 30,561 | 24,878 |
| Others | 83,803 | 84,157 |
| **Total** | **223,533** | **181,261** |
| **Less: Intersegment** | **53,860** | **39,910** |
| Deferred Tax | 5,236 | 4,260 |
| Current Tax | 2,261 | 1,629 |
| Other common / unallocated liabilities | 69,366 | 71,408 |
| **Total** | **246,536** | **218,648** |

**Additional information:**

The management personnel responsible for decision making now reviews performance of SMR and SMP business separately from the results of Motherson Innovations and other support functions and therefore the Company decided to present performance of SMR and SMP segment separately from the results of Motherson Innovations and other support functions (Samvardhana Motherson Global (FZE), Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) to provide a better view on operational performance of these segments. Since until the financial year ended March 31, 2017 segment disclosures for SMR and SMP segments were presented including these functions, the comparatives for March 31, 2017 have been restated to reflect this change.

## 41 Assets pledged as security

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Current:** | | |
| **Financial assets** | | |
| **Floating charge** | | |
| Cash and cash equivalents | 9,247 | 31,088 |
| Inventories | 16,910 | 14,981 |
| Receivables | 44,800 | 17,584 |
| Other current assets | 6,387 | 5,836 |
| **Total current assets pledged as security** | **77,344** | **69,489** |
| **Non Current:** | | |
| **First charge** | | |
| Freehold land | 1,134 | 3,589 |
| Buildings | 30,893 | 14,471 |
| Plant & Machinery | 37,660 | 29,018 |
| PPE under finance lease | 970 | 693 |
| Investment Property | 822 | 592 |
| Other non current assets | 1,485 | 1,459 |
| **Total non current assets pledged as security** | **72,964** | **49,822** |
| **Total assets pledged as security** | **150,308** | **119,311** |

Further, loan amounting to ₹ 16,574 million (March 31, 2017 ₹ 15,808 million) has been obtained against security of pledge of shares of an overseas subsidiary company which has been eliminated on consolidation. The consolidated net assets of the subsidiary accounted for in these financial statements amount to ₹ 49,834 million (March 31, 2017 ₹ 43,494 million.)

## 42 Capital and Other Commitments

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Property, plant and equipment** | | |
| Estimated value of contracts in capital account remaining to be executed, (Net of Advances of ₹ 1,770 million (March 31, 2017: ₹ 2,014 million)) | 9,278 | 4,244 |
| **Investment Property** | | |
| Estimated value of purchase consideration outstanding, (Net of Advances of ₹ 132 million (March 31, 2017: ₹ 95 million)) | 27 | 12 |
| **Total** | **9,305** | **4,256** |
| **Other Commitments** | | |
| Bank Guarantee | 699 | 595 |
| Others | 4 | 85 |

Above commitments on property, plant and equipment includes group share of commitments of associates and joint ventures entities.

For capital expenditure contracted relating to associates and joint ventures refer to note 45

## 43 Leases

### i. Finance Leases:

Assets acquired on finance lease and hire purchase contract comprise property plant and equipment. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clause.

The minimum lease payments and present value of minimum lease payments are as follows:

| | Minimum Lease Payments | | Present value of Minimum lease payments | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Not later than one year | 246 | 263 | 231 | 242 |
| Later than 1 year and not later than 5 years | 230 | 345 | 212 | 322 |
| Later than 5 years | 29 | 46 | 28 | 44 |
| **Total** | **505** | **654** | **471** | **608** |
| Less: Finance Charges | 33 | 46 | | |
| **Present value of minimum lease payment** | **472** | **608** | | |
| **Disclosed under:** | | | | |
| Other long term borrowings (Refer Note 17) | 473 | 608 | | |

### ii. Operating Leases:

The Company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 15 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses. The Company has entered into some sub-leases and all such subleases are cancellable and are for a period of 11 months, with an option of renewal on mutually agreeable terms.

The Company has taken various commercial premises, motor vehicles, plant and machinery under non-cancellable operating leases. The future minimum lease payments are as follows:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Payable not later than 1 year | 2,408 | 2,595 |
| Payable later than 1 year and not later than 5 years | 2,924 | 5,211 |
| Payable later than 5 years | 390 | 688 |
| | **5,722** | **8,494** |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **With respect to all operating leases** | | |
| Lease payments recognized in the Statement of Profit and Loss during the year | 5,825 | 4,543 |
| Sub-lease payments received/receivable recognized in the Statement of Profit and Loss during the year | 84 | 89 |

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Repairs and maintenance : investment property** | | |
| Contractual obligation for future repairs and maintenance not recognised as liability | 121 | 59 |

## 44 Contingent Liabilities:

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an on-going basis, with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its consolidated financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

**Claims against the Company not acknowledged as debts**

| | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| a) | Excise Matters # | 28 | 45 |
| b) | Customs Demand Matters # | - | - |
| c) | Sales Tax Matters # | 31 | 39 |
| d) | Service Tax Matters | 35 | 41 |
| e) | Stamp Duty | - | - |
| f) | Claims made by workmen | 124 | 70 |
| g) | Income Tax Matters | 247 | 186 |
| h) | Unfulfilled export commitment under EPCG Scheme | 108 | 108 |
| i) | Others (refer note 'c' below) | 1,301 | 512 |

#Against which Company has given bank guarantees amounting to ₹ 222 million (March 31, 2017 : ₹ 36 million)

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

(b) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(c) As at March 31, 2018, a step-down subsidiary of the group acted as a surety for subsidy amounting to ₹ 1,213 million (March 31, 2017: ₹ 499 million) received from the government. The group may be contingently liable in event of any non compliance of the condition of grant of the subsidy.

(d) Above contingent liability includes group share of contingent liability of the associates and joint ventures entities.

For contingent liabilities relating to associates and joint ventures refer to note 45

(All amounts in ₹ Million, unless otherwise stated)

## 45 Interest in other entities

### A. Details of subsidiaries which have been consolidated are as follows:

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 1 | MSSL Mauritius Holdings Limited (MMHL) | Mauritius | 100% | 100% | 0% | 0% | March 31, 2018 |
| 2 | Motherson Electrical Wires Lanka Private Limited | Sri Lanka | 100% | 100% | 0% | 0% | March 31, 2018 |
| 3 | MSSL Mideast (FZE) | UAE | 100% | 100% | 0% | 0% | March 31, 2018 |
| 4 | MSSL (S) Pte Limited | Singapore | 100% | 100% | 0% | 0% | March 31, 2018 |
| 5 | MSSL Automobile Component Limited | India | 100% | 100% | 0% | 0% | March 31, 2018 |
| 6 | Samvardhana Motherson Polymers Limited (SMPL) | India | 51% | 51% | 49% | 49% | March 31, 2018 |
| 7 | Motherson Polymers Compounding Solution Limited | India | 100% | 100% | 0% | 0% | March 31, 2018 |
| 8 | MSSL (GB) Limited<br>(Jointly held by the Company and MSSL Mideast (FZE)) | UK | 100% | 100% | 0% | 0% | March 31, 2018 |
| 9 | Motherson Wiring System (FZE)<br>(held by MSSL Mideast (FZE)) | UAE | 100% | 100% | 0% | 0% | March 31, 2018 |
| 10 | MSSL Tooling (FZE) (held by MSSL Mideast (FZE)) | UAE | 100% | 100% | 0% | 0% | March 31, 2018 |
| 11 | MSSL GmbH (held by MSSL Mideast (FZE)) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 12 | Samvardhana Motherson Invest Deutschland GmbH<br>(held by MSSL GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 13 | MSSL Advanced Polymers s.r.o. (held by MSSL GmbH) | Czech Republic | 100% | 100% | 0% | 0% | March 31, 2018 |
| 14 | Motherson Techno Precision GmbH<br>(formerly known as Motherson Orca Precision Technology GmbH (held by MSSL GmbH) | Germany | 100% | 95.10% | 0.0% | 4.9% | March 31, 2018 |
| 15 | MSSL s.r.l. Unipersonale (held by MSSL (GB) Limited) | Italy | 100% | 100% | 0% | 0% | March 31, 2018 |
| 16 | Samvardhana Motherson Polymers Management Germany GMBH (held by MSSL GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 17 | Motherson Techno Precision México, S.A. de C.V<br>(held by Motherson Techno Precision GmbH) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |

(All amounts in ₹ Million, unless otherwise stated)

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 18 | MSSL Manufacturing Hungary Kft (held by MSSL GMBH) | Hungary | 100% | 100% | 0% | 0% | March 31, 2018 |
| 19 | Motherson Air Travel Pvt Ltd (held by MSSL GMBH) | Ireland | 100% | - | 0% | - | March 31, 2018 |
| 20 | MSSL Australia Pty Limited (held by MMHL as at March 31, 2017 & held by MSSL (S) Pte. Limited during previous years) | Australia | 80% | 80% | 20% | 20% | March 31, 2018 |
| 21 | Motherson Elastomers Pty Limited (held by MSSL Australia Pty Limited) | Australia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 22 | Motherson Investments Pty Limited (held by MSSL Australia Pty Limited) | Australia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 23 | MSSL Ireland Private Limited (held by MSSL (GB) Limited) | Ireland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 24 | MSSL Global RSA Module Engineering Limited (held by MSSL Mauritius Holdings Limited) | South Africa | 100% | 100% | 0% | 0% | March 31, 2018 |
| 25 | MSSL Japan Limited (held by MSSL (S) Pte Limited) | Japan | 100% | 100% | 0% | 0% | March 31, 2018 |
| 26 | Vacuform 2000 (Proprietary) Limited (held by MSSL Mauritius Holdings Limited) | South Africa | 51% | 51% | 49% | 49% | March 31, 2018 |
| 27 | MSSL México, S.A. De C.V. (held by MSSL (S) Pte Limited) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 28 | MSSL WH System (Thailand) Co., Ltd (held by MSSL (S) Pte. Ltd.) | Thailand | 100% | 100% | 0% | 0% | March 31, 2018 |
| 29 | MSSL Korea WH Limited (held by MSSL (S) Pte. Ltd.) | South Korea | 100% | 100% | 0% | 0% | March 31, 2018 |
| 30 | MSSL Consolidated Inc. (held by MSSL (GB) Ltd.) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 31 | MSSL Overseas Wiring System Ltd. (held by MSSL (GB) Ltd.) | UK | 100% | 100% | 0% | 0% | March 31, 2018 |
| 32 | MSSL Wiring System Inc (held by MSSL Consolidated Inc. during March 31, 2017 held by MSSL Overseas Wiring System Ltd.) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 33 | Alphabet de Mexico, S.A. de C.V. (held by MSSL (GB) Ltd.) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 34 | Alphabet de Mexico de Monclova, S.A. de C.V. (held by MSSL (GB) Ltd.) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 35 | Alphabet de Saltillo, S.A. de C.V. (held by MSSL (GB) Ltd.) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 36 | MSSL Wirings Juarez, S.A. de C.V. (held by MSSL (GB) Ltd.) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 37 | Samvardhana Motherson Global Holdings Ltd. (SMGHL) (held by MSSL Mauritius Holdings Limited) | Cyprus | 51% | 51% | 49% | 49% | March 31, 2018 |
| 38 | Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) (held by SMGHL and SMPL) | Netherlands | 100% | 100% | 0% | 0% | March 31, 2018 |
| 39 | Samvardhana Motherson Reflectec Group Holdings Limited (SMR) (held by SMRPBV) | Jersey | 98.45% | 98.45% | 1.55% | 1.55% | March 31, 2018 |
| 40 | SMR Automotive Technology Holding Cyprus Limited (held by SMR) | Cyprus | 100% | 100% | 0% | 0% | March 31, 2018 |
| 41 | SMR Automotive Mirror Parts and Holdings UK Ltd (held by SMR) | UK | 100% | 100% | 0% | 0% | March 31, 2018 |
| 42 | SMR Automotive Holding Hong Kong Limited (held by SMR) | Hong Kong | 100% | 100% | 0% | 0% | March 31, 2018 |
| 43 | SMR Automotive Systems India Limited (Jointly held by the Company and SMR Automotive Technology Holding Cyprus Limited) | India | 100% | 100% | 0% | 0% | March 31, 2018 |
| 44 | SMR Automotive Systems France S.A. (held by SMR Automotive Technology Holding Cyprus Limited) | France | 100% | 100% | 0% | 0% | March 31, 2018 |
| 45 | SMR Automotive Mirror Technology Holding Hungary KFT (held by SMR Automotive Technology Holding Cyprus Limited) | Hungary | 100% | 100% | 0% | 0% | March 31, 2018 |
| 46 | SMR Patents S.à.r.l. (held by SMR Automotive Mirror Parts and Holdings UK Ltd.) | Luxembourg | 100% | 100% | 0% | 0% | March 31, 2018 |

(All amounts in ₹ Million, unless otherwise stated)

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 47 | SMR Automotive Technology Valencia S.A.U. (held by SMR Automotive Mirror Parts and Holdings UK Ltd.) | Spain | 100% | 100% | 0% | 0% | March 31, 2018 |
| 48 | SMR Automotive Mirrors UK Limited (held by SMR Automotive Mirror Parts and Holdings UK Ltd.) | UK | 100% | 100% | 0% | 0% | March 31, 2018 |
| 49 | SMR Automotive Mirror International USA Inc. (held by SMR Mirrors UK Limited ) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 50 | SMR Automotive Systems USA Inc. (held by SMR Automotive Mirror International USA Inc.) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 51 | SMR Automotive Beijing Company Limited (held by SMR Automotive Holding Hong Kong Limited) | China | 100% | 100% | 0% | 0% | March 31, 2018 |
| 52 | SMR Automotive Yancheng Co. Limited (held by SMR Automotive Holding Hong Kong Limited) | China | 100% | 100% | 0% | 0% | March 31, 2018 |
| 53 | SMR Automotive Mirror Systems Holding Deutschland GmbH (held by SMR Automotive Mirror Parts and Holdings UK Ltd.) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 54 | SMR Holding Australia Pty Limited (held by SMR Automotive Mirror Technology Holding Hungary Kft) | Australia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 55 | SMR Automotive Australia Pty Limited (held by SMR Holding Australia Pty Ltd.) | Australia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 56 | SMR Automotive Mirror Technology Hungary BT (held by SMR Automotive Technology Holding Cyprus Limited) | Hungary | 100% | 100% | 0% | 0% | March 31, 2018 |
| 57 | SMR Automotive Modules Korea Ltd (held by SMR Automotive Mirror Systems Holding Deutschland GmbH) | South Korea | 100% | 100% | 0% | 0% | March 31, 2018 |
| 58 | SMR Automotive Beteiligungen Deutschland GmbH (held by SMR) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 59 | SMR Hyosang Automotive Ltd. (held by SMR Automotive Modules Korea Ltd) | South Korea | 100% | 100% | 0% | 0% | March 31, 2018 |

(All amounts in ₹ Million, unless otherwise stated)

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 60 | SMR Automotive Mirrors Stuttgart GmbH (held by SMR Automotive Mirror Systems Holding Deutschland GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 61 | SMR Automotive Systems Spain S.A.U (held by SMR Automotive Mirrors Stuttgart GmbH ) | Spain | 100% | 100% | 0% | 0% | March 31, 2018 |
| 62 | SMR Automotive Vision Systems Mexico S.A de C.V (Jointly held by SMR Automotive Mirrors Stuttgart GmbH and SMR Automotive Systems Spain S.A.U.) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 63 | SMR Automotive Servicios Mexico S.A de C.V (held by SMR Automotive Vision Systems Mexico S.A de C.V ) - under liquidation | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 64 | SMR Grundbesitz GmbH & Co. KG (held by SMR Automotive Mirror Systems Holding Deutschland GmbH) | Germany | 93.07% | 93.07% | 6.93% | 6.93% | March 31, 2018 |
| 65 | SMR Automotive Brasil Ltda. (held by SMR Automotive Mirror Technology Holding Hungary Kft) | Brazil | 100% | 100% | 0% | 0% | March 31, 2018 |
| 66 | SMR Automotive System (Thailand) Limited (held by SMR Automotive Technology Holding Cyprus Limited) | Thailand | 100% | 100% | 0% | 0% | March 31, 2018 |
| 67 | SMR Automotives Systems Macedonia Dooel Skopje (held by SMR Automotive Mirror Technology Holding Hungary Kft) | Macedonia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 68 | SMR Automotive Operations Japan K.K. (held by SMR Automotive Mirror Technology Holding Hungary Kft) | Japan | 100% | 100% | 0% | 0% | March 31, 2018 |
| 69 | SMR Automotive (Langfang) Co. Ltd (held by SMR Automotive Mirror Systems Holding Deutschland GmbH) (During March 31, 2017 held by SMR Automotive Modules Korea Ltd) | China | 100% | 100% | 0% | 0% | March 31, 2018 |
| 70 | SMR Automotive Vision System Operations USA INC. (held by SMR) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 71 | SMR Mirror UK Limited (held by SMR Automotive Vision System Operations USA INC) | UK | 100% | 100% | 0% | 0% | March 31, 2018 |
| 72 | Motherson Innovations Company Limited (held by SMR) | UK | 100% | 100% | 0% | 0% | March 31, 2018 |
| 73 | Motherson Innovations Deutschland GmbH (held by Motherson Innovations Company Limited) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 74 | Samvardhana Motherson Global (FZE) (held by SMR) | UAE | 100% | 100% | 0% | 0% | March 31, 2018 |
| 75 | SMR Automotive Industries RUS Limited Liability Company (jointly held by SMR Automotive Mirror Technology Holding Hungary Kft & SMR Automotive Technology Holding Cyprus Ltd.) | Russia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 76 | Samvardhana Motherson Peguform GmbH (SMP) (held by SMRPBV) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 77 | SMP Automotive Interiors (Beijing) Co. Ltd (held by SMRPBV) | China | 100% | 100% | 0% | 0% | March 31, 2018 |
| 78 | SMP Deutschland GmbH (held by Samvardhana Motherson Peguform GmbH and SMGHL) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 79 | SMP Logistik Service GmbH (held by SMP Deutschland GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 80 | SMP Automotive Solutions Slovakia s.r.o (held by SMP Deutschland GmbH) | Slovakia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 81 | Changchun Peguform Automotive Plastics Technology Co., Ltd. (held by SMP Deutschland GmbH) | China | 50% +1share | 50% +1share | 50% -1share | 50% -1share | March 31, 2018 |
| 82 | Foshan Peguform Automotive Plastics Technology Co. Ltd. (held by Changchun Peguform Automotive Plastics Technology Co., Ltd.) | China | 100% | 100% | 0% | 0% | March 31, 2018 |

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 83 | Shenyang SMP Automotive Components Co. Ltd. (held by Changchun Peguform Automotive Plastics Technology Co., Ltd.) (incorporated on August 22, 2017) | China | 100% | - | 0% | | March 31, 2018 |
| 84 | Tianjin SMP Automotive Component Company Limited (held by Changchun Peguform Automotive Plastics Technology Co., Ltd.) (incorporated on March 06, 2018) | China | 100% | - | 0% | | March 31, 2018 |
| 85 | SMP Automotive Technology Management Services (Changchun) Co. Ltd. (held by SMP Deutschland GmbH) | China | 100% | 100% | 0% | 0% | March 31, 2018 |
| 86 | SMP Automotive Technology Iberica S.L. (held by SMRPBV) | Spain | 100% | 100% | 0% | 0% | March 31, 2018 |
| 87 | Samvardhana Motherson Peguform Barcelona S.L.U (held by SMP Automotive Technology Iberica S.L.) | Spain | 100% | 100% | 0% | 0% | March 31, 2018 |
| 88 | SMP Automotive Technologies Teruel Sociedad Limitada (held by SMP Automotive Technology Iberica S.L.) | Spain | 100% | 100% | 0% | 0% | March 31, 2018 |
| 89 | Samvardhana Motherson Peguform Automotive Technology Portugal S.A. (held by SMP Automotive Technology Iberica S.L.) | Portugal | 100% | 100% | 0% | 0% | March 31, 2018 |
| 90 | SMP Automotive Systems Mexico S.A. de C.V. (held by SMP Automotive Technology Iberica S.L.) | Mexico | 100%-1 share | 100%-1 share | 0% | 0% | March 31, 2018 |
| 91 | SMP Automotive Produtos Automotivos do Brasil Ltda. (held by SMP Automotive Technology Iberica S.L.) | Brazil | 100%-1 share | 100%-1 share | 0% | 0% | March 31, 2018 |
| 92 | SMP Automotive Exterior GmbH (held by Samvardhana Motherson Peguform GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 93 | Samvardhana Motherson Innovative Autosystems B.V. & Co. KG (held by Samvardhana Motherson Peguform GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |

(All amounts in ₹ Million, unless otherwise stated)

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 94 | Samvardhana Motherson Innovative Autosystems Holding Company BV (held by SMR) | Netherlands | 100% | 100% | 0% | 0% | March 31, 2018 |
| 95 | SM Real Estate GmbH (held by SMGHL & SMP Automotive Exterior GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 96 | Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V (held jointly by SMR & SMP) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 97 | SMP Automotive Systems Alabama Inc. (held by SMR Automotive Mirror International USA Inc.) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 98 | Celulosa Fabril S.A. (held by SMP automotive technology Iberica S.L.) | Spain | 50% | 50% | 50% | 50% | March 31, 2018 |
| 99 | Modulos Ribera Alta S.L.Unipersonal (held by Celulosa Fabril S.A.) | Spain | 100% | 100% | 0% | 0% | March 31, 2018 |
| 100 | Motherson Innovations Lights GmbH & Co KG (held by Samvardhana Motherson Peguform GmbH) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 101 | Motherson Innovations Lights Verwaltungs GmbH (held by Motherson Innovations Lights GmbH & Co KG) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 102 | MSSL Estonia WH OÜ (held by MSSL (GB) Limited) | Estonia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 103 | PKC Group Plc (held by MSSL Estonia WH OÜ) | Finland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 104 | PKC Wiring Systems Oy (held by PKC Group Plc) | Finland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 105 | PKC Netherlands Holding B.V. (held by PKC Group Plc) | Netherlands | 100% | 100% | 0% | 0% | March 31, 2018 |
| 106 | PKC Group Poland Sp. z o.o. (held by PKC Eesti AS) | Poland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 107 | PKC Wiring Systems Llc (held by PKC Wiring Systems Oy ) | Serbia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 108 | PKC Group APAC Limited (held by PKC Wiring Systems Oy) | Hong Kong | 100% | 100% | 0% | 0% | March 31, 2018 |
| 109 | PKC Group Canada Inc. (held by PKC Wiring Systems Oy) | Canada | 100% | 100% | 0% | 0% | March 31, 2018 |

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 110 | PKC Group USA Inc.<br>(held by PKC Wiring Systems Oy ) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 111 | PKC Group Mexico S.A. de C.V.<br>(held by PKC Wiring Systems Oy ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 112 | Project del Holding S.a.r.l.<br>(held by PKC Wiring Systems Oy) | Luxembourg | 100% | 100% | 0% | 0% | March 31, 2018 |
| 113 | PK Cables do Brasil Ltda (jointly held by PKC Wiring Systems Oy & Project Del Holding S.à.r.l.) | Brazil | 100% | 100% | 0% | 0% | March 31, 2018 |
| 114 | PKC Eesti AS (held by PKC Wiring Systems Oy) | Estonia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 115 | TKV-sarjat Oy (held by PKC Wiring Systems Oy) | Finland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 116 | PKC SEGU Systemelektrik GmbH<br>(held by PKC Wiring Systems Oy) | Germany | 100% | 100% | 0% | 0% | March 31, 2018 |
| 117 | PK Cables Nederland B.V.<br>(held by PKC Netherlands Holding B.V. ) | Netherlands | 100% | 100% | 0% | 0% | March 31, 2018 |
| 118 | Groclin Luxembourg S.à r.l.<br>(held by PKC Group Poland Holding Sp. z o.o.) | Luxembourg | 100% | 100% | 0% | 0% | March 31, 2018 |
| 119 | PKC Vehicle Technology (Suzhou) Co., Ltd.<br>(held by PKC Group APAC Limited ) | China | 100% | 100% | 0% | 0% | March 31, 2018 |
| 120 | AEES Inc. (held by PKC Group USA Inc.) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 121 | PKC Group Lithuania UAB (held by PKC Eesti AS ) | Lithuania | 100% | 100% | 0% | 0% | March 31, 2018 |
| 122 | PKC Group Poland Holding Sp. z o.o.<br>(held by PKC Wiring Systems Oy ) | Poland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 123 | OOO AEK (jointly held by PKC Eesti AS & TKV sarjat O) | Russia | 100% | 100% | 0% | 0% | March 31, 2018 |
| 124 | Kabel-Technik-Polska Sp. z o.o.<br>(held by Groclin Luxembourg S.à r.l. ) | Poland | 100% | 100% | 0% | 0% | March 31, 2018 |
| 125 | T.I.C.S. Corporation (held by AEES Inc. ) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 126 | AEES Power Systems Limited partnership<br>(jointly held by T.I.C.S. Corporation & AEES Inc. ) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |

| S. No | Name of the Company | Country of Incorporation | Ownership interest held by the group | | Ownership interest held by the non-controlling interest | | Reporting Dates used for Consolidation |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 | |
| 127 | Fortitude Industries Inc. (held by AEES Inc. ) | USA | 100% | 100% | 0% | 0% | March 31, 2018 |
| 128 | AEES Manufactuera, S. De R.L de C.V. (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 129 | Cableodos del Norte II, S. de R.L de C.V. (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 130 | Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V. (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 131 | Arneses y Accesorios de México, S. de R.L de C.V. (held by Project del Holding S.a.r.l.) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 132 | Asesoria Mexicana Empresarial, S. de R.L de C.V. (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 133 | Arneses de Ciudad Juarez, S. de R.L de C.V. (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 134 | PKC Group de Piedras Negras, S. de R.L. de C.V. (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 135 | PKC Group AEES Commercial S. de R.L de C.V (held by Project del Holding S.a.r.l. ) | Mexico | 100% | 100% | 0% | 0% | March 31, 2018 |
| 136 | Jiangsu Huakai-PKC Wire Harness Co., Ltd. (held by PKC Group APAC Limited ) | China | 50% | 50% | 50% | 50% | March 31, 2018 |
| 137 | PKC Vechicle Technology (Hefei) Co, Ltd. (held by PKC Group APAC Limited ) | China | 50% | 50% | 50% | 50% | March 31, 2018 |
| 138 | Shangdong Huakai-PKC Wire Harness Co., Ltd. (held by Jiangsu Huakai-PKC Wire Harness Co., Ltd. ) | China | 50% | - | 50% | - | March 31, 2018 |
| 139 | Global Environment Management (FZC) (held by MSSL Mauritius Holdings Limited)[1] | UAE | 100% | - | 0% | | March 31, 2018 |
| 140 | Global Environment Management Australia Pty Limited (held by Global Environment Management (FZC))[1] | Australia | 100% | - | 0% | | March 31, 2018 |

1. During the year ended March 31, 2018 the group has acquired remaining shares of Global Environment Management (FZC) and converted into wholly owned subsidiary.

**B. Non-controlling interests (NCI)**

Set out below the summarised financial information for subsidiary that has non-controlling interests that are material to the group.

| | Samvardhana Motherson Automotive Systems Group B.V. | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Summarised balance sheet** | | |
| Current assets | 102,850 | 99,725 |
| Current liabilities | 100,435 | 79,041 |
| **Net current assets** | **2,415** | **20,684** |
| Non-current assets | 122,133 | 94,266 |
| Non-current liabilities | 71,797 | 74,210 |
| **Net non-current assets** | **50,336** | **20,056** |
| **Net Assets** | **52,751** | **40,740** |
| **Accumulated Non controlling Interest** | **26,082** | **19,952** |

| | Samvardhana Motherson Automotive Systems Group B.V. | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Summarised statement of profit and loss** | | |
| Revenue | 382,485 | 339,554 |
| Profit for the year | 10,564 | 11,554 |
| Other comprehensive income | 2,769 | (2,025) |
| **Total comprehensive income** | **13,333** | **9,529** |
| Profit allocated to non controlling interest | 6,146 | 6,202 |
| Dividend paid to NCI | 1,268 | 810 |

| | Samvardhana Motherson Automotive Systems Group B.V. | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Summarised cash flows** | | |
| Cash flows from operating activities | 20,607 | 21,536 |
| Cash flows from investing activities | (28,877) | (16,349) |
| Cash flows from financing activities | (14,541) | 16,423 |
| **Net increase / (decrease) in cash and cash equivalents** | **(22,811)** | **21,610** |

**C. Transactions with non-controlling interests**

**March 31, 2018:**

During the year, one of the Group's subsidiary MSSL GMBH bought back all shares held by minority shareholder against a consideration of ₹ 5 million (EUR 0.06 million), the carrying value of non-controlling interest was ₹ (10) million (Eur (0.12) million) as on the date of buy back resulting in ₹ 15 million (EUR 0.18 million) as excess consideration paid over carrying value. This being transactions with owners, excess consideration amounting to ₹ 15 million has been adjusted under other equity whereas remaining ₹ 10 million has been adjusted with non controlling interest, being their share of excess consideration paid. Pursuant to this transaction, this subsidiary has become a 100% subsidiary of MSSL GmbH.

| | March 31, 2018 |
|---|---|
| Carrying amount of non-controlling interests acquired | (10) |
| Consideration paid to non-controlling interests | 5 |
| Excess of consideration paid recognised in retained earnings within equity | 15 |

**March 31, 2017:**

During previous year, one of the Group's subsidiary SMR Automotive Modules Korea Limited bought back 81,660 shares from its minority shareholder against a consideration of ₹ 678 million (EUR 9.219 million), the carrying value of non-controlling interest was ₹ 424 million (Eur 5.764 million) as on the date of buy back resulting in ₹ 254 million (EUR 3.455 million) as excess consideration paid over carrying value. This being transactions with owners, excess consideration amounting to ₹ 128 million has been adjusted with retained earnings whereas remaining ₹ 126 million has been adjusted with non controlling interest, being their share of excess consideration paid. Pursuant to this transaction, this subsidiary has become a 100% subsidiary of SMR Automotive Mirror Systems Holding Deutschland GmbH.

| | March 31, 2017 |
|---|---|
| Carrying amount of non-controlling interests acquired | 398 |
| Consideration paid to non-controlling interests | 637 |
| Excess of consideration paid recognised in retained earnings within equity | 254 |

**D. Interest in associates companies consolidated using equity method of accounting**

| Name of the Company | Country of Incorporation | % of ownership interest March 31, 2018 | Quoted fair value | | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| SAKS Ancillaries Limited | India | 40.01% | -* | -* | 38 | 35 |
| Re time Pty Limited (held by SMR) | Australia | 35% | -* | -* | 6 | 9 |
| Hubei Zhengao PKC Automotive Wiring Company Ltd. (held by PKC) | China | 40% | -* | -* | 649 | - |

* Unlisted entity - no quoted price available

**E. Interest in Joint ventures companies consolidated using equity method of accounting**

| Name of the Company | Country of Incorporation | % of ownership interest March 31, 2018 | Quoted fair value | | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Kyungshin Industrial Motherson Limited | India | 50% | -* | -* | 1,847 | 1,686 |
| Calsonic Kansei Motherson Auto Products Private Limited | India | 49% | -* | -* | 636 | 509 |
| Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. (through SMR) (Includes Chongqing SMR Huaxiang Automotive Products Limited)[1] | China | 50% | -* | -* | 1,832 | 1,415 |
| Eissmann SMP Automotive Interieur Slovensko s.r.o (through SMP Deutschland GmbH ) | Slovakia | 49% | -* | -* | 432 | 352 |
| Global Environment Management (FZC)2 (held by MSSL Mauritius Holdings Limited) (Included Global Environment Management Australia Pty Limited) | UAE | 100% | | -* | | 39 |

* Unlisted entity - no quoted price available

1. Chongqing SMR Huaxiang Automotive Products Limited is 100% subsidiary of Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd.

**F. Summarised financial information of joint ventures**

The table below provide summarised financial information for those joint venture that are material to the group.

| Summarised balance sheet | Kyungshin Industrial Motherson Limited | Calsonic Kansei Motherson Auto Products Private Limited | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | Eissmann SMP Automotive Interieur Slovensko s.r.o |
|---|---|---|---|---|
| **March 31, 2018** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 52 | 229 | 1,669 | 2 |
| Other assets | 5,105 | 1,469 | 6,172 | 453 |
| **Total current assets** | **5,157** | **1,698** | **7,841** | **455** |
| **Total non-current assets** | **447** | **1,453** | **2,138** | **844** |
| **Current liabilities** | | | | |
| Financial liabilities (excluding trade payables) | 31 | 397 | - | - |
| Other liabilities | 1,831 | 816 | 6,329 | 401 |
| **Total current liabilities** | **1,862** | **1,213** | **6,329** | **401** |
| **Total non-current liabilities** | **48** | **639** | **13** | **17** |
| **Consol adjustments and currency translation adjustment** | | | 27 | |
| **Net assets** | **3,694** | **1,299** | **3,664** | **881** |

**Reconciliation to carrying amounts:**

| | Kyungshin Industrial Motherson Limited | Calsonic Kansei Motherson Auto Products Private Limited | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | Eissmann SMP Automotive Interieur Slovensko s.r.o |
|---|---|---|---|---|
| **March 31, 2018** | | | | |
| **Opening net assets** | 3,371 | 1,038 | 2,830 | 719 |
| Profit for the year | 846 | 260 | 1,507 | 42 |
| Other comprehensive income | (5) | - | - | - |
| Exchange gain / (loss) | - | - | 29 | 120 |
| Dividend paid | (518) | - | (702) | - |
| **Closing net assets** | **3,694** | **1,298** | **3,664** | **881** |
| Group's share in % | 50% | 49% | 50% | 49% |
| **Group's share in ₹** | **1,847** | **636** | **1,832** | **432** |
| **Carrying amount** | **1,847** | **636** | **1,832** | **432** |

| Summarised balance sheet | Kyungshin Industrial Motherson Limited | Calsonic Kansei Motherson Auto Products Private Limited | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | Eissmann SMP Automotive Interieur Slovensko s.r.o |
|---|---|---|---|---|
| **March 31, 2017** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 1,102 | 95 | 744 | 22 |
| Other assets | 3,407 | 1,509 | 4,411 | 473 |
| **Total current assets** | **4,509** | **1,604** | **5,155** | **495** |
| **Total non-current assets** | **383** | **1,962** | **1,999** | **722** |
| **Current liabilities** | | | | |
| Financial liabilities (excluding trade payables) | - | 635 | - | - |
| Other liabilities | 1,481 | 884 | 4,298 | 489 |
| **Total current liabilities** | **1,481** | **1,519** | **4,298** | **489** |
| **Total non-current liabilities** | **40** | **1,009** | **26** | **9** |
| **Consol adjustments** | | | | |
| **Net assets** | **3,371** | **1,038** | **2,830** | **719** |

**Reconciliation to carrying amounts:**

| | Kyungshin Industrial Motherson Limited | Calsonic Kansei Motherson Auto Products Private Limited | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | Eissmann SMP Automotive Interieur Slovensko s.r.o |
|---|---|---|---|---|
| **March 31, 2017** | | | | |
| **Opening net assets** | 2,510 | 808 | 2,866 | 556 |
| Profit for the year* | 1,280 | 230 | 1,215 | 224 |
| Other comprehensive income | (5) | (0) | - | - |
| Exchange gain / (loss) | - | - | (254) | (61) |
| Dividend paid | (414) | - | (997) | - |
| **Closing net assets** | **3,371** | **1,038** | **2,830** | **719** |
| Group's share in % | 50% | 49% | 50% | 49% |
| **Group's share in ₹** | **1,686** | **509** | **1,415** | **353** |
| **Carrying amount** | **1,686** | **509** | **1,415** | **353** |

**Summarised statement of profit and loss**

| | Kyungshin Industrial Motherson Limited | Calsonic Kansei Motherson Auto Products Private Limited | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | Eissmann SMP Automotive Interieur Slovensko s.r.o |
|---|---|---|---|---|
| **March 31, 2018** | | | | |
| Revenue | 12,937 | 4,401 | 14,440 | 3,462 |
| Interest income | 143 | 6 | 6 | - |
| Depreciation and amortisation | 62 | 273 | 354 | 131 |
| Interest expense | 6 | 115 | 0 | 0 |
| Income tax expense | 462 | (57) | 267 | 31 |
| Profit from continuing operation | 846 | 260 | 1,507 | 42 |
| Other comprehensive income | (5) | 1 | - | - |
| Total comprehensive income | **841** | **261** | **1,507** | **42** |

| | Kyungshin Industrial Motherson Limited | Calsonic Kansei Motherson Auto Products Private Limited | Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | Eissmann SMP Automotive Interieur Slovensko s.r.o |
|---|---|---|---|---|
| **March 31, 2017** | | | | |
| Revenue | 13,335 | 5,371 | 12,627 | 4,285 |
| Interest income | 115 | 9 | - | - |
| Depreciation and amortisation | 60 | 278 | 317 | 117 |
| Interest expense | 5 | 170 | 2 | - |
| Income tax expense | 695 | 77 | 201 | 66 |
| Profit from continuing operation | 1,280 | 230 | 1,215 | 224 |
| Other comprehensive income | (5) | (0) | - | - |
| **Total comprehensive income** | **1,275** | **230** | **1,215** | **224** |

**G. Summarised financial information of Associate**

The table below provide summarised financial information for associate that is material to the group.

| Summarised balance sheet | Hubei Zhengao PKC Automotive Wiring Company Ltd. |
|---|---|
| **March 31, 2018** | |
| Current assets | 3,181 |
| Non-current assets | 302 |
| **Total assets** | **3,483** |
| Non-current liabilities | - |
| Current liabilities | 1,773 |
| **Total liabilities** | **1,773** |
| **Net assets** | **1,710** |
| Group Share | 40% |

**Reconciliation to carrying amounts:**

| | Hubei Zhengao PKC Automotive Wiring Company Ltd. |
|---|---|
| **March 31, 2018** | |
| **Opening net assets** | - |
| Investment during the year | 588 |
| Profit for the year | 56 |
| Exchange gain / (loss) | 5 |
| Dividend paid | - |
| **Carrying amount** | **649** |

### H. Individually immaterial associates

The group has interests in a number of individually immaterial associates that are accounted for using equity method. The group share of investment and profit is disclosed below:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Aggregate carrying amount of individually immaterial associates | 44 | 44 |
| **Aggregate amounts of the group's share of:** | | |
| Profit / (loss) from continuing operations | (0) | (8) |

### I. Individually immaterial joint ventures

In addition to interest in joint ventures disclosed above, the group also has interests in a number of individually immaterial associates that are accounted for using equity method. The group share of investment and profit is disclosed below.

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Aggregate carrying amount of individually immaterial joint ventures | - | 39 |
| **Aggregate amounts of the group's share of:** | | |
| Profit / (loss) from continuing operations | - | 0 |

### J. Commitments and contingent liabilities in respect of associates and joint ventures

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Share of joint venture's contingent liabilities in respect of:** | | |
| Excise matters | 2 | 2 |
| Service tax matters | - | - |
| Income tax matters | 2 | 2 |
| Unfulfilled export commitments under EPCG Scheme | 108 | 108 |
| Others | 13 | 13 |
| **Commitments - joint ventures** | | |
| Share of joint venture's estimated value of contracts in capital account remaining to be executed, (Net of Advances) | 22 | 10 |

(All amounts in ₹ Million, unless otherwise stated)

## 46 Additional information required by Schedule III

**March 31, 2018:**

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| Motherson Sumi Systems Ltd | 48 | 61,802 | 39 | 8,791 | (1) | (41) | 30 | 8,750 |
| **Subsidiaries:** | | | | | | | | |
| **Indian:** | | | | | | | | |
| Samvardhana Motherson Polymers Limited | 0* | 526 | (0)* | (2) | - | - | (0)* | (2) |
| MSSL Automobile Component Limited | 0* | 0 | (0)* | (0) | - | - | (0)* | (0) |
| Motherson Polymers Compounding Solution Limited | 0* | 7 | (0)* | (8) | (0)* | (0) | (0)* | (9) |
| **Foreign:** | | | | | | | | |
| Samvardhana Motherson Reflectec Group Holdings Limited | 12 | 14,962 | 12 | 2,674 | - | - | 9 | 2,674 |
| SMR Automotive Technology Holding, Cyprus ltd. | 6 | 7,185 | 4 | 799 | - | - | 3 | 799 |
| SMR Automotive Brasil LTDA. | 1 | 957 | 1 | 170 | - | - | 1 | 170 |
| SMR Automotive Mirror Technology Holding Hungary KFT | 2 | 2,399 | 4 | 933 | - | - | 3 | 933 |
| SMR Holding Australia Pty Limited | 1 | 1,705 | 4 | 930 | - | - | 3 | 930 |
| SMR Automotive Australia Pty Limited | 1 | 1,243 | 3 | 653 | - | - | 2 | 653 |
| SMR Automotive Mirror Technology, Hungary BT | 3 | 3,662 | (0)* | (58) | (0)* | (16) | (0)* | (74) |
| SMR Automotive Systems, France S.A. | (1) | (676) | (3) | (649) | (0)* | (6) | (2) | (654) |
| SMR Automotive Systems India ltd. | 2 | 2,175 | 3 | 586 | 0* | 5 | 2 | 590 |
| SMR Automotive System (Thailand) Limited | 0* | 481 | (0)* | (30) | (0)* | (2) | (0)* | (32) |
| SMR Automotive Mirror Parts and Holdings, UK ltd. | 8 | 10,621 | 6 | 1,443 | - | - | 5 | 1,443 |
| SMR Patents S.à.r.l. | (0)* | (3) | 0* | 1 | - | - | 0* | 1 |
| SMR Automotive Technology Valencia S.A.U. | 0* | 181 | (0)* | (8) | - | - | (0)* | (8) |
| SMR Automotive Mirrors UK Limited | 0* | 398 | 1 | 266 | - | - | 1 | 266 |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| SMR Automotive Mirror Systems Holding Deutschland GmbH | 1 | 1,529 | 5 | 1,181 | - | - | 4 | 1,181 |
| SMR Hyosang Automotive Ltd. | 1 | 1,580 | 0* | 98 | (0)* | (1) | 0* | 97 |
| SMR Automotive Modules Korea Ltd. | 3 | 3,773 | 2 | 559 | (0)* | (6) | 2 | 553 |
| SMR Automotive Beteiligungen Deutschland GmbH | 0* | 206 | 0* | 47 | - | - | 0* | 47 |
| SMR Automotive Systems Spain SAU | 0* | 523 | 3 | 634 | - | - | 2 | 634 |
| SMR Automotive Servicios Mexico S.A. de C.V. | 0* | 48 | (0)* | (0) | - | - | (0)* | (0) |
| SMR Automotive Vision Systems Mexico S.A. de C.V. | 2 | 2,135 | 2 | 523 | 0* | 19 | 2 | 543 |
| SMR Automotive Mirror Stuttgart GmbH | 1 | 976 | 2 | 412 | (0)* | (3) | 1 | 409 |
| SMR Grundbesitz GmbH & Co. KG | 0* | 354 | 0* | 29 | - | - | 0* | 29 |
| SMR Mirror UK Limited | 2 | 2,336 | 6 | 1,346 | - | - | 5 | 1,346 |
| SMR Automotive Systems USA Inc. | 4 | 5,335 | 17 | 3,820 | - | - | 13 | 3,820 |
| SMR Automotive Mirror International USA Inc. | 9 | 11,472 | 14 | 3,266 | - | - | 11 | 3,266 |
| SMR Automotive Vision System Operations USA INC | 3 | 4,075 | 1 | 190 | - | - | 1 | 190 |
| SMR Automotive Beijing Company Limited | 0* | 366 | 0* | 3 | - | - | 0* | 3 |
| SMR Automotive Yancheng Co. Limited | 1 | 731 | (0)* | (38) | - | - | (0)* | (38) |
| SMR Automotive Holding Hong Kong Limited | 0* | 203 | (0)* | (1) | - | - | (0)* | (1) |
| SMR Automotive Operations Japan k.k. | 0* | 61 | 0* | 10 | - | - | 0* | 10 |
| SMR Automotive (Langfang) Co. Limited | 0* | 8 | (1) | (190) | - | - | (1) | (190) |
| SMR Automotives Systems Macedonia Dooel Skopje | (0)* | (14) | 0* | 1 | - | - | 0* | 1 |
| SMR Automotive Industries RUS Limited Liability Company | 0* | 20 | (0)* | (6) | - | - | (0)* | (6) |
| Samvardhana Motherson Peguform GmbH | (1) | (967) | (6) | (1,268) | - | - | (4) | (1,268) |
| SMP Automotive Exterior GmbH | 0* | 352 | (4) | (931) | - | - | (3) | (931) |
| SMP Deutschland GmbH | 10 | 12,631 | 28 | 6,294 | - | - | 21 | 6,294 |
| SMP Logistik Service GmbH | 0* | 45 | 0* | 2 | - | - | 0* | 2 |
| SMP Automotive Solutions Slovakia s.r.o. | (1) | (1,427) | (0)* | (102) | - | - | (0)* | (102) |
| Changchun Peguform Automotive Plastics Technology Ltd. | 6 | 7,788 | 12 | 2,801 | - | - | 10 | 2,801 |

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| Foshan Peguform Automotive Plastics Technology Co. Ltd. | 0* | 211 | (0)* | (3) | - | - | (0)* | (3) |
| Shenyang SMP Automotive Components Co. Ltd. | 0* | 62 | - | - | - | - | - | - |
| SMP Automotive Technology Management Services (Changchun) Co. Ltd. | (0)* | (35) | (0)* | (20) | - | - | (0)* | (20) |
| SMP Automotive Interiors (Beijing) Co. Ltd | 0* | 399 | 2 | 356 | - | - | 1 | 356 |
| SMP Automotive Technology Iberica S.L. | 3 | 3,645 | 1 | 170 | - | - | 1 | 170 |
| SMP Automotive Technologies Teruel Sociedad Limitada | 0* | 226 | 0* | 99 | - | - | 0* | 99 |
| Samvardhana Motherson Peguform Barcelona S.L.U | 0* | 452 | 2 | 346 | - | - | 1 | 346 |
| SMP Automotive Produtos Automotivos do Brasil Ltda | (1) | (1,523) | (8) | (1,791) | - | - | (6) | (1,791) |
| SMP Automotive Systems México, S. A. de C. V. | 3 | 3,835 | 4 | 1,004 | 1 | 88 | 4 | 1,092 |
| Samvardhana Motherson Peguform Automotive Technology Portugal, S.A. | 0* | 355 | 1 | 197 | - | - | 1 | 197 |
| Celulosa Fabril (Cefa) S.A. | 2 | 2,178 | 3 | 675 | - | - | 2 | 675 |
| Modulos Ribera Alta S.L. Unipersonal | 2 | 2,147 | 2 | 377 | - | - | 1 | 377 |
| Samvardhana Motherson Innovative Autosystems B.V. & Co. KG | 3 | 3,712 | 2 | 459 | - | - | 2 | 459 |
| Samvardhana Motherson Innovative Autosystems Holding Company B.V. | 0* | 7 | 0* | 0 | - | - | 0* | 0 |
| Samvardhana Motherson Innovative Autosystems de Mexico, S.A. de C.V. | 1 | 665 | 0* | 112 | - | - | 0* | 112 |
| SM Real Estate GmbH | 0* | 102 | 0* | 39 | - | - | 0* | 39 |
| Motherson Innovations Lights GmbH & Co. KG | 0* | 10 | 0* | 2 | - | - | 0* | 2 |
| Motherson Innovations Lights Verwaltungs GmbH | 0* | 2 | 0* | 0 | - | - | 0* | 0 |
| SMP Automotive Systems Alabama Inc. | (2) | (3,057) | (10) | (2,235) | 0* | 22 | (8) | (2,213) |
| PKC Group Ltd | 9 | 11,173 | (0)* | (30) | - | - | (0)* | (30) |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| PKC Nederland Holding B.V | 1 | 1,000 | 1 | 199 | - | - | 1 | 199 |
| PK Cables Nederland B.V. | 0* | 5 | 0* | 0 | - | - | 0* | 0 |
| PKC Wiring Systems Oy | 4 | 4,937 | (7) | (1,495) | - | - | (5) | (1,495) |
| PKC Group Poland Sp. z o.o. | (0)* | (125) | (2) | (440) | - | - | (2) | (440) |
| PKC SEGU Systemelektrik GmbH | (0)* | (205) | (1) | (145) | - | - | (0)* | (145) |
| PKC Wiring Systems Llc | 0* | 441 | (0)* | (96) | - | - | (0)* | (96) |
| PKC Eesti AS | 9 | 11,114 | 5 | 1,231 | - | - | 4 | 1,231 |
| TKV-Sarjat Oy | 0* | 7 | (0)* | (1) | - | - | (0)* | (1) |
| OOO AEK | 0* | 307 | 0* | 75 | - | - | 0* | 75 |
| PKC Group Lithuania UAB | 0* | 219 | (0)* | (33) | - | - | (0)* | (33) |
| PK Cables do Brasil Ltda | 1 | 1,122 | (0)* | (43) | - | - | (0)* | (43) |
| PKC Group Canada Inc. | 0* | 375 | 0* | 10 | - | - | 0* | 10 |
| PKC Group Mexico S.A. de C.V. | 0* | 144 | (0)* | (2) | - | - | (0)* | (2) |
| Project Del Holding S.à.r.l. | 1 | 1,313 | 0* | 81 | - | - | 0* | 81 |
| AEES Manufacturera, S. De R.L. de C.V | 1 | 843 | 0* | 89 | - | - | 0* | 89 |
| Arneses de Ciudad Juarez, S. de R.L. de C.V. | 0* | 32 | 0* | 11 | - | - | 0* | 11 |
| Arneses y Accesorios de México, S. de R.L. de C.V. | 0* | 301 | 1 | 120 | - | - | 0* | 120 |
| Cableados del Norte II, S. de R.L. de C.V. | 0* | 159 | 0* | 47 | - | - | 0* | 47 |
| Asesoria Mexicana Empresarial, S. de R.L. de C.V. | 0* | 91 | 0* | 9 | - | - | 0* | 9 |
| Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V. | 0* | 3 | (0)* | (0) | - | - | (0)* | (0) |
| PKC Group de Piedras Negras, S. de R.L. de C.V. | 0* | 33 | 0* | 19 | - | - | 0* | 19 |
| PKC Group AEES Commercial, S. de R.L. de C.V. | 0* | 21 | 0* | 9 | - | - | 0* | 9 |
| PKC Group USA Inc. | (7) | (9,532) | (4) | (869) | - | - | (3) | (869) |
| AEES Inc. | 5 | 6,364 | 7 | 1,486 | - | - | 5 | 1,486 |
| AEES Power Systems Limited Partnership | 1 | 1,457 | 1 | 165 | - | - | 1 | 165 |
| Fortitude Industries Inc. (dba ATM) | 1 | 735 | 0* | 113 | - | - | 0* | 113 |
| PKC Vehicle Technology (Hefei) Co., Ltd. | 0* | 572 | (1) | (135) | - | - | (0)* | (135) |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| PKC Vehicle technology (Suzhou) Co. Ltd | (0)* | (489) | (1) | (196) | - | - | (1) | (196) |
| Jiangsu Huakai-PKC Wire Harness Co., Ltd. | 3 | 3,440 | 4 | 890 | - | - | 3 | 890 |
| Shandong Huakai-PKC Wire Harness Co. Ltd | 0* | 150 | (0)* | (63) | - | - | (0)* | (63) |
| PKC Group APAC Ltd. | (1) | (1,373) | (1) | (228) | - | - | (1) | (228) |
| Kabel Technik Polska Sp. z o.o. | 1 | 1,000 | 0* | 54 | - | - | 0* | 54 |
| PKC Group Poland Holding Sp. z o.o. | 1 | 811 | (0)* | (12) | - | - | (0)* | (12) |
| Groclin Luxembourg S.à r.l. | 1 | 1,799 | (0)* | (2) | - | - | (0)* | (2) |
| MSSL Mideast (FZE) | 20 | 25,083 | 2 | 493 | - | - | 2 | 493 |
| MSSL GB Limited | 23 | 30,103 | 2 | 405 | - | - | 1 | 405 |
| MSSL Mauritius Holdings Limited | 3 | 4,128 | 2 | 468 | - | - | 2 | 468 |
| Samvardhana Motherson Global Holdings Limited Cyprus | 56 | 71,468 | 0* | 21 | - | - | 0* | 21 |
| MSSL (S) Pte Limited | 1 | 893 | (0)* | (3) | - | - | (0)* | (3) |
| Motherson Electrical Wires Lanka Private Limited | 0* | 468 | 1 | 180 | (0)* | (0) | 1 | 180 |
| MSSL Consolidated Inc. USA | 1 | 1,689 | (0)* | (76) | - | - | (0)* | (76) |
| MSSL Wiring Systems Inc | 2 | 2,995 | 4 | 819 | 1 | 61 | 3 | 880 |
| Alphabet De Mexico S.A. de C.V | 0* | 392 | 0* | 71 | - | - | 0* | 71 |
| Alphabet De Saltillo S.A. de C.V. | 0* | 160 | 0* | 29 | - | - | 0* | 29 |
| Alphabet De Mexico de Monclova S.A. de C.V | 0* | 195 | 0* | 43 | - | - | 0* | 43 |
| MSSL Wirings Juarez S.A. de C.V. | 0* | 5 | 0* | 2 | - | - | 0* | 2 |
| MSSL Japan Limited | 0* | 89 | (0)* | (22) | - | - | (0)* | (22) |
| MSSL Mexico S.A. De C.V. | 0* | 442 | 0* | 68 | 0* | 4 | 0* | 73 |
| MSSL WH System (Thailand) Co. Ltd. | 0* | 136 | 0* | 88 | - | - | 0* | 88 |
| MSSL Korea WH Limited | (0)* | (4) | 0* | 3 | - | - | 0* | 3 |
| MSSL Ireland Private Limited | 0* | 28 | 0* | 2 | - | - | 0* | 2 |
| MSSL s.r.l. Unipersonale | 0* | 8 | 0* | 3 | - | - | 0* | 3 |
| MSSL Estonia WH OÜ | (0)* | (299) | 3 | 739 | - | - | 3 | 739 |
| MSSL Australia Pty Limited | 0* | 229 | 0* | 8 | - | - | 0* | 8 |
| Motherson Elastomers Pty Limited | 0* | 365 | 0* | 93 | - | - | 0* | 93 |
| Motherson Investments Pty Limited | 0* | 4 | 0* | 5 | - | - | 0* | 5 |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| MSSL Global RSA Module Engineering Limited | 1 | 1,382 | 2 | 480 | - | - | 2 | 480 |
| Vacuform 2000 (Proprietary) Limited | 0* | 28 | 0* | 68 | - | - | 0* | 68 |
| MSSL GMBH | 1 | 1,296 | (0)* | (9) | - | - | (0)* | (9) |
| Samvardhana Motherson Invest Deutschland GmbH | 0* | 80 | (0)* | (0) | - | - | (0)* | (0) |
| MSSL Advanced Polymers s.r.o. | 0* | 544 | 0* | 94 | - | - | 0* | 94 |
| Motherson Techno Precision GmbH | 0* | 100 | 0* | 10 | - | - | 0* | 10 |
| Samvardhana Motherson Polymers Management Germany GMBH | 0* | 2 | (0)* | (0) | - | - | (0)* | (0) |
| Motherson Techno Precision México, S.A. de C.V | (0)* | (175) | 0* | 44 | - | - | 0* | 44 |
| MSSL Manufacturing Hungary Kft | 0* | 131 | (0)* | (76) | - | - | (0)* | (76) |
| Motherson Air Travel Pvt Ltd | (0)* | (114) | (0)* | (107) | - | - | (0)* | (107) |
| MSSL Tooling (FZE) | 1 | 857 | 1 | 182 | - | - | 1 | 182 |
| Motherson Wiring System (FZE) | (0)* | (122) | 0* | 5 | - | - | 0* | 5 |
| Global Environment Management (FZC) | (0)* | (74) | (1) | (268) | - | - | (1) | (268) |
| Global Environment Management Australia Pty Limited | 0* | 0 | 1 | 269 | - | - | 1 | 269 |
| Samvardhana Motherson Global (FZE) | 0* | 74 | 0* | 21 | - | - | 0* | 21 |
| Motherson Innovations Company Limited | 1 | 1,335 | (4) | (825) | (0)* | (25) | (3) | (850) |
| Motherson Innovations Deutschland GmbH | 0* | 2 | (0)* | (0) | - | - | (0)* | (0) |
| Samvardhana Motherson Automotive Systems Group B.V. | 61 | 78,327 | 6 | 1,283 | (9) | (615) | 2 | 668 |
| **Associates (Investment as per Equity method)** | | | | | | | | |
| **Indian:** | | | | | | | | |
| SAKS Ancillaries Limited | 0* | 38 | 0* | 3 | - | - | 0* | 3 |
| **Foreign:** | | | | | | | | |
| Hubei Zhengao PKC Automotive Wiring Company Ltd. | 1 | 684 | 0* | 56 | - | - | 0* | 56 |
| Re time Pty Limited | 0* | 6 | (0)* | (3) | - | - | (0)* | (3) |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| **Joint Ventures (Investment as per Equity method)** | | | | | | | | |
| **Indian:** | | | | | | | | |
| Kyungshin Industrial Motherson Limited | 1 | 1,849 | 2 | 423 | (0)* | (3) | 1 | 420 |
| Calsonic Kansei Motherson Auto Products Private Limited | 0* | 546 | 1 | 127 | 0* | 0 | 0* | 128 |
| **Foreign:** | | | | | | | | |
| Eissmann | 0* | 432 | 0* | 21 | - | - | 0* | 21 |
| Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | 1 | 1,558 | 3 | 711 | - | - | 2 | 711 |
| Chongqing SMR Huaxiang Automotive Products | 0* | 469 | 1 | 170 | - | - | 1 | 170 |
| Minority Interest in All Subsidiaries | (23) | (29,600) | (29) | (6,629) | (23) | (1,561) | (28) | (8,190) |

**March 31, 2017:**

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| Motherson Sumi Systems Ltd | 55 | 58,028 | 38 | 8,273 | 2 | (62) | 45 | 8,211 |
| **Subsidiaries:** | | | | | | | | |
| **Indian:** | | | | | | | | |
| Samvardhana Motherson Polymers Ltd. | 1 | 528 | (0)* | (15) | - | - | (0)* | (15) |
| MSSL Automobile Component Ltd | 0* | 0 | (0)* | (0) | - | - | (0)* | (0) |
| Motherson Polymers Compounding Solution Limited | 0* | 15 | - | - | - | - | - | - |
| **Foreign:** | | | | | | | | |
| Samvardhana Motherson Reflectec Group Holdings Limited | 10 | 10,420 | 12 | 2,678 | - | - | 15 | 2,678 |
| SMR Automotive Technology Holding, Cyprus ltd. | 6 | 5,798 | 1 | 256 | - | - | 1 | 256 |
| SMR Automotive Brasil LTDA. | 1 | 831 | 0* | 55 | - | - | 0* | 55 |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| SMR Automotive Mirror Technology Holding Hungary KFT | 2 | 2,258 | 4 | 767 | - | - | 4 | 767 |
| SMR Holding Australia Pty Limited | 2 | 1,685 | 2 | 457 | - | - | 2 | 457 |
| SMR Automotive Australia Pty Limited | 1 | 1,516 | 2 | 510 | - | - | 3 | 510 |
| SMR Automotive Mirror Technology, Hungary BT | 3 | 3,112 | 3 | 577 | (1) | 19 | 3 | 597 |
| SMR Automotive Systems, France S.A. | 0* | 18 | (2) | (481) | (0)* | (13) | (3) | (493) |
| SMR Automotive Systems India ltd. | 2 | 1,682 | 2 | 449 | (0)* | (11) | 2 | 438 |
| SMR Automotive System (Thailand) Limited | 0* | 465 | (0)* | (28) | (0)* | (3) | (0)* | (31) |
| SMR Automotive Mirror Parts and Holdings, UK ltd. | 9 | 9,810 | 7 | 1,514 | - | - | 8 | 1,514 |
| SMR Patents S.à.r.l. | (0)* | (3) | 0* | 12 | - | - | 0* | 12 |
| SMR Automotive Technology Valencia S.A.U. | 0* | 163 | (0)* | (8) | - | - | (0)* | (8) |
| SMR Automotive Mirrors UK Limited | 1 | 825 | 2 | 363 | - | - | 2 | 363 |
| SMR Automotive Mirror Systems Holding Deutschland GmbH | 1 | 1,531 | 8 | 1,633 | - | - | 9 | 1,633 |
| SMR Hyosang Automotive Ltd. | 1 | 1,418 | 1 | 246 | 0* | 3 | 1 | 249 |
| SMR Automotive Modules Korea Ltd. | 4 | 3,813 | 3 | 547 | 0* | 8 | 3 | 555 |
| SMR Automotive Beteiligungen Deutschland GmbH | 0* | 133 | 0* | 12 | - | - | 0* | 12 |
| SMR Automotive Systems Spain SAU | 0* | 456 | 2 | 496 | - | - | 3 | 496 |
| SMR Automotive Servicios Mexico S.A. de C.V. | 0* | 47 | (0)* | (0) | - | - | (0)* | (0) |
| SMR Automotive Vision Systems Mexico S.A. de C.V. | 2 | 1,856 | 2 | 429 | (1) | 18 | 2 | 447 |
| SMR Automotive Mirror Stuttgart GmbH | 0* | 467 | (0)* | (10) | (0)* | (16) | (0)* | (26) |
| SMR Grundbesitz GmbH & Co. KG | 0* | 289 | 0* | 7 | - | - | 0* | 7 |
| SMR Mirror UK Limited | 1 | 777 | (3) | (620) | - | - | (3) | (620) |
| SMR Automotive Systems USA Inc. | 4 | 4,533 | 14 | 3,055 | - | - | 17 | 3,055 |
| SMR Automotive Mirror International USA Inc. | 8 | 8,793 | 16 | 3,378 | - | - | 18 | 3,378 |
| SMR Automotive Vision System Operations USA INC | 4 | 3,864 | 1 | 204 | - | - | 1 | 204 |
| SMR Automotive Beijing Company Limited | 0* | 329 | 0* | 4 | - | - | 0* | 4 |
| SMR Automotive Yancheng Co. Limited | 1 | 726 | 1 | 178 | - | - | 1 | 178 |
| SMR Automotive Holding Hong Kong Limited | 0* | 176 | 0* | 60 | - | - | 0* | 60 |
| SMR Automotive Operations Japan k.k. | 0* | 51 | 0* | 15 | - | - | 0* | 15 |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| SMR Automotive (Langfang) Co. Limited | (0)* | (385) | (1) | (291) | - | - | (2) | (291) |
| SMR Automotives Systems Macedonia Dooel Skopje | (0)* | (13) | - | - | - | - | - | - |
| SMR Automotive Industries RUS Limited Liability Company | 0* | 27 | (0)* | (4) | - | - | (0)* | (4) |
| Samvardhana Motherson Peguform GmbH | (1) | (629) | (5) | (1,160) | - | - | (6) | (1,160) |
| SMP Automotive Exterior GmbH | 1 | 1,054 | (0)* | (108) | - | - | (1) | (108) |
| SMP Deutschland GmbH | 8 | 8,922 | 19 | 4,048 | - | - | 22 | 4,048 |
| SMP Logistik Service GmbH | 0* | 37 | 0* | 2 | - | - | 0* | 2 |
| SMP Automotive Solutions Slovakia s.r.o. | (1) | (1,133) | (0)* | (85) | - | - | (0)* | (85) |
| Changchun Peguform Automotive Plastics Technology Ltd. | 6 | 6,256 | 10 | 2,184 | - | - | 12 | 2,184 |
| Foshan Peguform Automotive Plastics Technology Co. Ltd. | 0* | 194 | (0)* | (53) | - | - | (0)* | (53) |
| SMP Automotive Technology Management Services (Changchun) Co. Ltd. | (0)* | (13) | 0* | 4 | - | - | 0* | 4 |
| SMP Automotive Interiors (Beijing) Co. Ltd | 0* | 18 | 1 | 159 | - | - | 1 | 159 |
| SMP Automotive Technology Iberica S.L. | 2 | 1,985 | 4 | 819 | - | - | 4 | 819 |
| SMP Automotive Technologies Teruel Sociedad Limitada | 0* | 208 | 1 | 119 | - | - | 1 | 119 |
| Samvardhana Motherson Peguform Barcelona S.L.U | 0* | 452 | 2 | 363 | - | - | 2 | 363 |
| SMP Automotive Produtos Automotivos do Brasil Ltda | (1) | (1,406) | (3) | (681) | - | - | (4) | (681) |
| SMP Automotive Systems México, S. A. de C. V. | 3 | 2,734 | (1) | (316) | (1) | 17 | (2) | (298) |
| Samvardhana Motherson Peguform Automotive Technology Portugal, S.A. | 0* | 194 | 1 | 136 | - | - | 1 | 136 |
| Celulosa Fabril (Cefa) S.A. | 2 | 1,739 | 1 | 111 | - | - | 1 | 111 |
| Modulos Ribera Alta S.L. Unipersonal | 1 | 1,502 | 1 | 137 | - | - | 1 | 137 |
| Samvardhana Motherson Innovative Autosystems B.V. & Co. KG | 3 | 2,773 | 6 | 1,201 | - | - | 7 | 1,201 |

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| Samvardhana Motherson Innovative Autosystems Holding Company B.V. | 0* | 6 | (0)* | (8) | - | - | (0)* | (8) |
| Samvardhana Motherson Innovative Autosystems de Mexico, S.A. de C.V. | 0* | 494 | 1 | 248 | - | - | 1 | 248 |
| SM Real Estate GmbH | 0* | 52 | 0* | 31 | - | - | 0* | 31 |
| Motherson Innovations Lights GmbH & Co. KG | 0* | 7 | (0)* | (2) | - | - | (0)* | (2) |
| Motherson Innovations Lights Verwaltungs GmbH | 0* | 2 | (0)* | (0) | - | - | (0)* | (0) |
| SMP Automotive Systems Alabama Inc. | (1) | (847) | (3) | (736) | 1 | (33) | (4) | (769) |
| PKC Group Ltd | 9 | 9,603 | - | - | - | - | - | - |
| PKC Nederland Holding B.V | 1 | 678 | - | - | - | - | - | - |
| PK Cables Nederland B.V. | 0* | 4 | - | - | - | - | - | - |
| PKC Wiring Systems Oy | 5 | 5,614 | - | - | - | - | - | - |
| PKC Group Poland Sp. z o.o. | 0* | 292 | - | - | - | - | - | - |
| PKC SEGU Systemelektrik GmbH | (0)* | (43) | - | - | - | - | - | - |
| PKC Wiring Systems Llc | 0* | 5 | - | - | - | - | - | - |
| PKC Eesti AS | 8 | 8,431 | - | - | - | - | - | - |
| TKV-Sarjat Oy | 0* | 7 | - | - | - | - | - | - |
| OOO AEK | 0* | 232 | - | - | - | - | - | - |
| PKC Group Lithuania UAB | 0* | 218 | - | - | - | - | - | - |
| PK Cables do Brasil Ltda | 1 | 1,205 | - | - | - | - | - | - |
| PKC Group Canada Inc. | 0* | 473 | - | - | - | - | - | - |
| PKC Group Mexico S.A. de C.V. | 0* | 141 | - | - | - | - | - | - |
| Project Del Holding S.à.r.l. | 1 | 1,131 | - | - | - | - | - | - |
| AEES Manufacturera, S. De R.L. de C.V | 1 | 801 | - | - | - | - | - | - |
| Arneses de Ciudad Juarez, S. de R.L. de C.V. | 0* | 19 | - | - | - | - | - | - |
| Arneses y Accesorios de México, S. de R.L. de C.V. | 0* | 165 | - | - | - | - | - | - |
| Cableados del Norte II, S. de R.L. de C.V. | 0* | 104 | - | - | - | - | - | - |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| Asesoria Mexicana Empresarial, S. de R.L. de C.V. | 0* | 78 | - | - | - | - | - | - |
| Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V. | 0* | 3 | - | - | - | - | - | - |
| PKC Group de Piedras Negras, S. de R.L. de C.V. | 0* | 12 | - | - | - | - | - | - |
| PKC Group AEES Commercial, S. de R.L. de C.V. | 0* | 11 | - | - | - | - | - | - |
| PKC Group USA Inc. | (8) | (8,577) | - | - | - | - | - | - |
| AEES Inc. | 5 | 4,851 | - | - | - | - | - | - |
| AEES Power Systems Limited Partnership | 1 | 1,279 | - | - | - | - | - | - |
| PKC Vehicle Technology (Hefei) Co., Ltd. | 0* | 178 | - | - | - | - | - | - |
| PKC Vehicle technology (Suzhou) Co. Ltd | (0)* | (347) | - | - | - | - | - | - |
| Jiangsu Huakai-PKC Wire Harness Co., Ltd. | 2 | 2,181 | - | - | - | - | - | - |
| PKC Group APAC Ltd. | (1) | (902) | - | - | - | - | - | - |
| Kabel Technik Polska Sp. z o.o. | 1 | 842 | - | - | - | - | - | - |
| PKC Group Poland Holding Sp. z o.o. | 1 | 706 | - | - | - | - | - | - |
| Groclin Luxembourg S.à r.l. | 1 | 1,549 | - | - | - | - | - | - |
| MSSL Mideast (FZE) | 20 | 21,120 | 3 | 735 | - | - | 4 | 735 |
| MSSL GB Limited | 25 | 26,426 | (2) | (408) | - | - | (2) | (408) |
| MSSL Mauritius Holdings Limited | 3 | 3,122 | 3 | 622 | - | - | 3 | 622 |
| Samvardhana Motherson Global Holdings Limited Cyprus | 58 | 61,439 | (0)* | (46) | - | - | (0)* | (46) |
| MSSL (S) Pte Limited | 1 | 837 | (0)* | (1) | - | - | (0)* | (1) |
| Motherson Electrical Wires Lanka Private Limited | 1 | 739 | 1 | 144 | 0* | 1 | 1 | 144 |
| MSSL Consolidated Inc. USA | 2 | 1,757 | (0)* | (96) | - | - | (1) | (96) |
| MSSL Wiring Systems Inc | 2 | 2,094 | 1 | 224 | (1) | 25 | 1 | 249 |
| Alphabet De Mexico S.A. de C.V | 0* | 307 | 0* | 10 | - | - | 0* | 10 |
| Alphabet De Saltillo S.A. de C.V. | 0* | 125 | 0* | 45 | - | - | 0* | 45 |
| Alphabet De Mexico de Monclova S.A. de C.V | 0* | 145 | 0* | 9 | - | - | 0* | 9 |
| MSSL Wirings Juarez S.A. de C.V. | 0* | 3 | 0* | 1 | - | - | 0* | 1 |

(All amounts in ₹ Million, unless otherwise stated)

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| MSSL Japan Limited | 0* | 107 | 0* | 25 | - | - | 0* | 25 |
| MSSL Mexico S.A. De C.V. | 0* | 310 | 0* | 86 | 0* | (3) | 0* | 82 |
| MSSL WH System (Thailand) Co. Ltd. | 0* | 39 | (0)* | (14) | 0* | (0) | (0)* | (15) |
| MSSL Korea WH Limited | (0)* | (7) | 0* | 1 | - | - | 0* | 1 |
| MSSL Ireland Private Limited | 0* | 23 | 0* | 3 | - | - | 0* | 3 |
| MSSL s.r.l. Unipersonale | 0* | 4 | 0* | 2 | - | - | 0* | 2 |
| MSSL Estonia WH OÜ | (1) | (934) | (5) | (995) | - | - | (5) | (995) |
| MSSL Australia Pty Limited | 0* | 218 | 0* | 5 | - | - | 0* | 5 |
| Motherson Elastomers Pty Limited | 0* | 269 | 0* | 30 | - | - | 0* | 30 |
| Motherson Investments Pty Limited | (0)* | (1) | 0* | 4 | - | - | 0* | 4 |
| MSSL Global RSA Module Engineering Limited | 1 | 1,109 | 3 | 713 | - | - | 4 | 713 |
| Vacuform 2000 (Proprietary) Limited | (0)* | (41) | 0* | 34 | - | - | 0* | 34 |
| MSSL GMBH | 1 | 1,122 | 0* | 86 | - | - | 0* | 86 |
| Samvardhana Motherson Invest Deutschland GmbH | 0* | 80 | (0)* | (3) | - | - | (0)* | (3) |
| MSSL Advanced Polymers s.r.o. | 0* | 336 | 1 | 113 | - | - | 1 | 113 |
| Motherson Techno Precision GmbH | 0* | 77 | 0* | 25 | - | - | 0* | 25 |
| Samvardhana Motherson Polymers Management Germany GMBH | 0* | 2 | 0* | 0 | - | - | 0* | 0 |
| Motherson Techno Precision México, S.A. de C.V | (0)* | (175) | (0)* | (1) | - | - | (0)* | (1) |
| MSSL Manufacturing Hungary Kft | 0* | 184 | (0)* | (3) | - | - | (0)* | (3) |
| MSSL Tooling (FZE) | 1 | 571 | 1 | 157 | - | - | 1 | 157 |
| Motherson Wiring System (FZE) | (0)* | (110) | 0* | 3 | - | - | 0* | 3 |
| Samvardhana Motherson Global (FZE) | 0* | 49 | 0* | 41 | - | - | 0* | 41 |
| Motherson Innovations Company Limited | 0* | 370 | (2) | (498) | - | - | (3) | (498) |
| Motherson Innovations Deutschland GmbH | 0* | 2 | (0)* | (0) | - | - | (0)* | (0) |
| Samvardhana Motherson Automotive Systems Group B.V. | 63 | 66,618 | 28 | 6,044 | 6 | (210) | 32 | 5,834 |

| Name of entity | Net Assets[1] | | Share in profit or (loss)[1] | | Share in other comprehensive income[1] | | Share in total comprehensive income[1] | |
|---|---|---|---|---|---|---|---|---|
| | As a % of Consolidated Net Asset | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount | As a % of Consolidated Profit / (loss) | Amount |
| **Associates (Investment as per Equity method)** | | | | | | | | |
| **Indian:** | | | | | | | | |
| SAKS Ancillaries Limited | 0* | 35 | 0* | 2 | - | - | 0* | 2 |
| **Foreign:** | | | | | | | | |
| Re time Pty Limited | 0* | 9 | (0)* | (10) | - | - | (0)* | (10) |
| **Joint Ventures (Investment as per Equity method)** | | | | | | | | |
| **Indian:** | | | | | | | | |
| Kyungshin Industrial Motherson Limited | 2 | 1,687 | 3 | 640 | (0)* | (3) | 3 | 638 |
| Calsonic Kansei Motherson Auto Products Private Limited | 0* | 418 | 1 | 113 | (0)* | (0) | 1 | 113 |
| **Foreign:** | | | | | | | | |
| Eissmann | 0* | 353 | 1 | 110 | - | - | 1 | 110 |
| Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | 1 | 1,070 | 2 | 465 | - | - | 3 | 465 |
| Chongqing SMR Huaxiang Automotive Products | 0* | 378 | 1 | 143 | - | - | 1 | 143 |
| Global Environment Management (FZC) (including Global Environment Management Australia Pty Limited ) | (0)* | (64) | (0)* | (1) | - | - | (0)* | (1) |
| Minority Interest in All Subsidiaries | (21) | (22,322) | (28) | (6,181) | (32) | 1,048 | (28) | (5,133) |

[1] The aforementioned amounts are before group adjustments and inter company eliminations

*Amount is below the rounding off norm adopted by the Company

## 47 Business combination

### A) Acquisition of PKC Group Plc

The Company entered into a combination agreement on January 19, 2017 with PKC Group Plc a Finish public Company engaged in designing, manufacturing and integrating electrical distribution systems, electronics and related components for the commercial vehicle industry to buy outstanding shares and outstanding equity instruments for EUR 23.55 in cash for each outstanding share and for each outstanding equity instrument a consideration of EUR 23.55 minus the applicable subscription price in cash for each such outstanding equity instrument.

In order to effect the Combination, the Company through its wholly owned subsidiary MSSL Estonia WH OU issued a tender offer to purchase all the above mentioned shares and outstanding options. During the year the Group has gained title to all minority shares in PKC Group Plc. which now has become wholly owned subsidiary of the Group. PKC Group Plc., which has its equity shares listed in Nasdaq Helsinki Ltd. stock exchange has delisted its equity share w.e.f. October 6, 2017 and is now a private limited company. The total acquisition cost, paid in cash amounted to EUR 571 million (₹ 40,343 million).

The Group has initially recognised goodwill amounting to EUR 231 million (₹ 16,356 million), which has been restated to EUR 230 million (₹ 16,261 million) after the fair valuation of its Assets and liabilities and certain customer relationships amounting to ₹ 16,682 million (restated as at March 31, 2017 to ₹ 16,304 million), recorded in these financial statements, which have been disclosed under Intangible assets (Refer Note 5).

The valuation of the acquisition has been finalised as per the provisions of IND AS 103 within the measurement period which has resulted in increase in value of net assets acquired by EUR 1 million (₹ 95 million), resulting in decrease in corresponding value of goodwill. The detail impact in assets and liabilities due to the valuation is given below:

| | Amount in INR Million |
|---|---|
| Property, plant and equipment | 1,026 |
| Other intangible assets | 17 |
| Inventories | 142 |
| Other current assets | (144) |
| Deferred tax liabilities (net) | (32) |
| Other non-current liabilities | (214) |
| Other current liabilities | (700) |
| **Net identifiable assets acquired** | **95** |

Value of the assets and liabilities recognised as a results of acquisitions are as follows:

#### i) Assets and Liabilities recognized as result of acquisition are as follows:

| Particulars | Amount in INR Million |
|---|---|
| **ASSETS** | |
| **Non-current assets** | |
| Property, plant and equipment | 5,014 |
| Capital work in progress | 370 |
| Other intangible assets | 20,559 |
| Non current investments | 50 |
| Deferred tax assets (net) | 1,546 |
| Other non-current assets | 489 |
| Inventories | 7,561 |
| Trade receivables | 9,841 |

| Particulars | Amount in INR Million |
|---|---|
| Cash and cash equivalents | 5,638 |
| Other financial assets | 1,050 |
| Other current assets | 1,357 |
| Borrowings | (12,794) |
| Provisions | (71) |
| Deferred tax liabilities (net) | (1,820) |
| Other non-current liabilities | (528) |
| Trade payables | (7,438) |
| Other financial liabilities | (2,231) |
| Other current liabilities | (3,305) |
| **Net identifiable assets acquired** | **25,288** |

**ii) Calculation of goodwill**

| | Amount in INR Million |
|---|---|
| Purchase consideration | 40,343 |
| Non controlling interest acquired | 1,206 |
| Net identifiable assets acquired | (25,288) |
| **Goodwill** | **16,261** |

**B) Acquisition of Fortitude Inc.**

On April 1, 2017, the group acquired Fortitude Industries, Inc. (dba Advanced Transit Manufacturing, or ATM) in the United States. The consideration of the transaction is EUR 11.2 million. ATM develops and manufactures electrical distribution systems for rolling stock manufacturers. The acquisition has been consolidated by the group from April 1, 2017.

Value of the assets and liabilities recognised as a results of acquisitions are as follows:

**i) Assets and Liabilities recognized as result of acquisition are as follows:**

| Particulars | Amount in INR Million |
|---|---|
| **ASSETS** | |
| **Non-current assets** | |
| Property, plant and equipment | 28 |
| Intangible assets | 331 |
| Inventories | 131 |
| Trade and other receivables | 97 |
| Trade payables and other liabilities | (104) |
| Deferred taxes | (138) |
| **Net identifiable assets acquired** | **345** |

**ii) Calculation of goodwill**

| | Amount in INR Million |
|---|---|
| Purchase consideration | 773 |
| Net identifiable assets acquired | (345) |
| **Goodwill** | **428** |

## 48 Construction contracts

The net position of constructions contracts and amount due to/from customers for contract work comprises the following:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| The aggregate amount of costs incurred and recognised profits (less recognised losses) to date | 37,978 | 26,624 |
| The amount of advances received | 8,389 | 4,979 |
| The amount of contract revenue recognised as revenue in the period | 48,793 | 36,158 |
| The gross amount due from customers for contract work as an asset | 40,342 | 25,088 |
| The gross amount due to customers for contract work as a liability | 8,389 | 4,979 |

## 49 Offsetting Financial Assets and Financial Liabilities:

The following table present the Group's financial assets and liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements:

**As on March 31, 2018**

| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the Balance sheet | Net amounts of financial assets presented in the balance sheet |
|---|---|---|---|
| Trade receivables | 77,882 | 8,012 | 69,870 |

**As on March 31, 2017**

| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the Balance sheet | Net amounts of financial assets presented in the balance sheet |
|---|---|---|---|
| Trade receivables | 55,005 | 4,061 | 50,944 |

**50** During the year ended March 31, 2017, the Company on September 12, 2016 and September 16, 2016, has made allotment of 17,762,460 equity shares and 62,884,827 equity shares of ₹ 1 each to Sumitomo Wiring Systems Japan and Qualified Institutional Buyers respectively at an issue price of ₹ 317 per equity share (including premium of ₹ 316 per equity share). Share issue expenses amounting to ₹ 289 million has been charged to Securities Premium Account as per the provisions of Companies Act 2013.

## 51 Standard issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

### A Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on March 28, 2018. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company from financial year 2018-19 (April 1, 2018) using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind

AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

**Impact:**

The preliminary impacts of Ind AS 115 on the Company's financial statements have been assessed as follows:

Essential concepts in Ind AS 115 have been analysed on revenue stream level. The Company's revenue streams mainly consists of sale of components and tools derived through contract with customers relating to wiring harness, polymers and rubber moulded parts, plastic components, rear view mirror etc. Current revenue recognition in case of sale of components is based on transfer of risks and rewards to customer. In case of tooling revenue, the Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period by determinining the level of completion on the basis of milestones achieved to date.

The Company has frame agreements with major customers defining terms and conditions for sales. Further, separate purchase orders are covered by frame agreement and as a rule they form a separate performance obligation for both sale of components and tools.

Based on preliminary analysis, timing of revenue recognition for sale of goods is not expected to change. Standard will increase disclosure information related to revenue recognition.

The Company generally provides for warranties for general repairs or replacements and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under Ind AS 115, which will continue to be accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

During FY 18-19, the Company will continue the analysis in more detailed level and implement the standard and will inform effects in a more detailed level during the year.

**B Transfers of Investment Property — Amendments to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 01, 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

**C Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 01, 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

**D Ind AS 28 Investments in Associates and Joint Ventures**

Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Group.

**E Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

**52 Distribution made and proposed**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Cash dividends on equity shares declared and paid** | | |
| Final cash dividend for the year ended on March 31, 2017: ₹ 2.00 per share | 4,210 | - |
| DDT on final dividend* | 765 | - |
| **Proposed dividends on Equity shares** | | |
| Final cash dividend for the year ended on March 31, 2018: ₹ 2.25 per share (March 31, 2017: ₹ 2.00 per share) | 4,737 | 4,210 |
| DDT on proposed dividend | 964 | 858 |
| | **5,701** | **5,068** |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31.

*Amount of dividend distribution tax (DDT) is net of withholding tax credit on dividend received from subsidiary company

**53** During the year ended March 31, 2018, one of the subsidiaries of the Company, Samvardhana Motherson Automotive Systems Group BV "SMRP BV" or "the Subsidiary") issued EUR 300 million (₹ 24,089 million) 1.8% Senior Secured Notes due 2024 (the "Notes") which will mature on July 06, 2024. The Notes are listed on the Irish Stock Exchange and trade on the Global Exchange Market of the Exchange.

The Notes are senior obligations of the Subsidiary and rank pari passu in right of payment with all the Subsidiary's existing and future senior obligations that are not subordinated in right of payment to the Notes, including the Subsidiary's obligations under the existing Notes and the Revolving Credit Facilities. The Notes are guaranteed on a senior basis by the Subsidiary and certain of its step down subsidiaries and are also secured by security interests granted over certain property and assets of the Subsidiary and certain of its step down subsidiaries.

The entire proceeds from the issue of the Notes along with a portion of cash balance of the Subsidiary was utilised on July 06, 2017 to repay existing €500 million 4.125% Senior Secured Notes due 2021. The €500 million Notes were repaid at a redemption price (excluding accrued interest) of 102.171% calculated in accordance with the terms of indenture for the said Notes. Accordingly, redemption premium and unamortised transaction costs amounting to EUR 21 million (₹ 1,596 million) have been charged to consolidated statement of profit and loss during the year ended March 31, 2018 as exceptional expenses.

The notes are recognised on an amortised cost basis until extinguished on prepayment or maturity of the notes.

**54** On April 2, 2018, one of the subsidiary of the group executed the put option agreement for the proposed acquisition of 100% stake in Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V. (hereinafter collectively referred as "Reydel Automotive Group") for a purchase price of USD 201 million subject to closing adjustments. Subsequently, upon receiving favourable opinions from European and French works council, the existing shareholders of Reydel Automotive Group have exercised their put option on 08 May 2018. Accordingly, the Share Purchase Agreement for acquisition of Reydel Automotive Group by SMRP BV is deemed to have been executed on May 8, 2018.

The proposed transaction is subject to customary closing conditions and receipt of required regulatory approvals. Indicatively, it is expected that the transaction will take 4-6 months to close from the execution of the put option agreement (April 2, 2018).

Reydel Automotive Group is a portfolio company of Cerberus Capital Management, L.P. and is an established global supplier of Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit, with presence across Europe, South America and Asia.

**55** The acquisition of PKC was completed on March 27, 2017. Previous year profit and loss statement is not comparable with current year, since full year profit and loss of PKC has been consolidated for the first time during current year.

**56** Amount appearing as zero "0" is financial are below the rounding off norm adopted by the Group.

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

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

Place : Noida
Date : May 23, 2018

For and on behalf of the Board

**V.C. SEHGAL**
Chairman

**NORIYO NAKAMURA**
Director

**PANKAJ MITAL**
Whole-time Director/
Chief Operating Officer

**G.N. GAUBA**
Chief Financial Officer

**ALOK GOEL**
Company Secretary

## Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of companies (Accounts) Rule, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

### Part A: Subsidiaries

| Sl. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Date of Acquisition | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Exchange Rate | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | MSSL Mideast (FZE) | March 31, 2018 | | EUR | 80.30 | 7,565 | 17,518 | 25,761 | 678 | 4,590 | 3,556 | 524 | - | 524 | - | 100% | UAE |
| 2 | Motherson Electrical Wires Lanka Private Limited | March 31, 2018 | | USD | 65.17 | 10 | 458 | 523 | 55 | - | 1,378 | 210 | 27 | 182 | 456 | 100% | Sri Lanka |
| 3 | MSSL (GB) Limited | March 31, 2018 | | GBP | 91.34 | 20,741 | 9,362 | 35,933 | 5,830 | 2,318 | 1,005 | 433 | - | 433 | - | 100% | UK |
| 4 | MSSL Japan Limited | March 31, 2018 | | JPY | 0.61 | 11 | 78 | 389 | 300 | - | 806 | -23 | -1 | -23 | - | 100% | Japan |
| 5 | MSSL WH System (Thailand) Co. Ltd | March 31, 2018 | | THB | 2.09 | 314 | -177 | 688 | 551 | - | 1,095 | 94 | - | 94 | - | 100% | Thailand |
| 6 | MSSL Korea WH Limited | March 31, 2018 | | KRW | 0.06 | 12 | -17 | 77 | 82 | - | 158 | 3 | 0 | 3 | - | 100% | Korea |
| 7 | MSSL México, S.A. De C.V. | December 31,2017 | | MXP | 3.59 | 410 | -34 | 755 | 379 | - | 1,476 | 105 | 25 | 80 | - | 100% | Mexico |
| 8 | MSSL Wiring System Inc | March 31, 2018 | | USD | 65.17 | - | 772 | 7,442 | 6,670 | - | 17,551 | 740 | 88 | 828 | - | 100% | USA |
| 9 | Alphabet de Mexico, S.A. de C.V. | December 31,2017 | August 1, 2014 | MXP | 3.59 | 7 | 353 | 579 | 220 | - | 1,887 | 96 | 33 | 63 | - | 100% | Mexico |
| 10 | Alphabet de Mexico de Monclova, S.A. de C.V. | December 31,2017 | August 1, 2014 | MXP | 3.59 | 0 | 185 | 304 | 119 | - | 1,138 | 68 | 27 | 41 | - | 100% | Mexico |
| 11 | Alphabet de Saltillo, S.A. de C.V. | December 31,2017 | August 1, 2014 | MXP | 3.59 | 0 | 151 | 270 | 118 | - | 1,058 | 58 | 26 | 32 | - | 100% | Mexico |
| 12 | MSSL Wirings Juarez S.A. de C.V. | December 31,2017 | | MXP | 3.59 | 0 | 5 | 12 | 7 | - | 97 | 5 | 3 | 2 | - | 100% | Mexico |
| 13 | MSSL Tooling (FZE) | March 31, 2018 | | EUR | 80.30 | 3 | 854 | 1,198 | 341 | - | 881 | 193 | - | 193 | - | 100% | UAE |
| 14 | MSSL Global RSA Module Engineering Limited | March 31, 2018 | November 1, 2009 | ZAR | 5.51 | 331 | 1,052 | 4,778 | 3,396 | - | 5,306 | 725 | 194 | 531 | 413 | 100% | South Africa |
| 15 | Vacuform 2000 (Proprietary) Limited | March 31, 2018 | July 1, 2011 | ZAR | 5.51 | 6 | 22 | 600 | 572 | - | 982 | 75 | - | 75 | - | 51% | South Africa |
| 16 | MSSL Australia Pty Limited | March 31, 2018 | | AUD | 50.04 | 175 | 53 | 273 | 44 | 0 | - | 12 | -4 | 8 | - | 80% | Australia |
| 17 | Motherson Elastomers Pty Limited | March 31, 2018 | | AUD | 50.04 | 0 | 365 | 1,105 | 740 | - | 2,253 | 134 | -40 | 93 | - | 100% | Australia |
| 18 | Motherson Investments Pty Limited | March 31, 2018 | | AUD | 50.04 | 0 | 4 | 194 | 190 | - | - | 8 | -3 | 5 | - | 100% | Australia |
| 19 | MSSL Ireland Private Limited | March 31, 2018 | March 25, 2002 | EUR | 80.30 | 4 | 24 | 32 | 4 | - | - | 3 | -1 | 2 | - | 100% | Ireland |
| 20 | MSSL Mauritius Holdings Limited | March 31, 2018 | | EUR | 80.30 | 3,037 | 1,091 | 4,129 | 1 | 2,024 | - | 496 | 2 | 498 | - | 100% | Mauritius |
| 21 | MSSL (S) Pte Limited | March 31, 2018 | | SGD | 49.72 | 1,022 | -129 | 894 | 1 | 616 | 6 | -2 | -2 | -4 | - | 100% | Singapore |
| 22 | Motherson Wiring System (FZE) | March 31, 2018 | | EUR | 80.30 | 3 | -125 | 87 | 209 | - | - | 6 | - | 6 | - | 100% | UAE |
| 23 | Samvardhana Motherson Global Holdings Ltd. | March 31, 2018 | | EUR | 80.30 | 162 | 71,307 | 72,184 | 717 | 72,182 | - | 23 | - | 23 | - | 51% | Cyprus |
| 24 | Samvardhana Motherson Polymers Limited | March 31, 2018 | | INR | 1.00 | 38 | 489 | 529 | 3 | 528 | - | -2 | - | -2 | - | 51% | India |
| 25 | MSSL Automobile Component Ltd | March 31, 2018 | | INR | 1.00 | 1 | -0 | 0 | 0 | - | - | -0 | - | -0 | - | 100% | India |

| Sl. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Date of Acquisition | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Exchange Rate | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26 | Motherson Polymers Compounding Solution Limited (formerly knownn as Samvardhana Motherson Nippisun Technology ltd.) | March 31, 2018 | | INR | 1.00 | 118 | -112 | 21 | 14 | - | - | -8 | - | -8 | - | 100% | India |
| 27 | MSSL Consolidated Inc. | March 31, 2018 | | USD | 65.17 | - | -599 | 2,240 | 2,839 | 2,222 | - | -77 | - | -77 | - | 100% | USA |
| 28 | MSSL Overseas Wiring system Ltd | March 31, 2018 | | USD | 65.17 | 0 | -0 | - | 0 | - | - | - | - | - | - | 100% | UK |
| 29 | MSSL Estonia WH OÜ | March 31, 2018 | | EUR | 80.30 | - | -300 | 45,951 | 46,251 | 45,849 | - | 786 | - | 786 | - | 100% | Estonia |
| 30 | Global Environment Management (FZC) | March 31, 2018 | | AUD | 50.04 | 350 | -424 | 11 | 85 | - | -20 | -269 | - | -269 | - | 100% | UAE |
| 31 | Global Environment Management Australia Pty Limited | March 31, 2018 | | AUD | 50.04 | - | - | 0 | 0 | - | - | 270 | - | 270 | - | 100% | Australia |
| 32 | MSSL GmbH | December 31,2017 | | EUR | 80.30 | 20 | 1,263 | 4,909 | 3,626 | 696 | 1,683 | -42 | - | -42 | - | 100% | Germany |
| 33 | Samvardhana Motherson Invest Deutschland GmbH | December 31,2017 | | EUR | 80.30 | 16 | 76 | 159 | 67 | - | 37 | - | - | - | - | 100% | Germany |
| 34 | MSSL Advanced Polymers s.r.o. | December 31,2017 | December 01, 2006 | CZK | 3.17 | 6 | 456 | 1,705 | 1,243 | - | 2,171 | 68 | 16 | 52 | - | 100% | Czech Republic |
| 35 | Motherson Techno Precision GmbH (formerly known as Motherson Orca Precision Technology GmbH) | December 31,2017 | | EUR | 80.30 | 80 | 10 | 773 | 682 | 0 | 596 | 5 | - | 5 | - | 100% | Germany |
| 36 | MSSL s.r.l. Unipersonale | December 31,2017 | | EUR | 80.30 | 1 | 7 | 8 | 1 | - | 27 | 1 | - | 1 | - | 100% | Italy |
| 37 | Motherson Techno Precision México, S.A. de C.V | December 31,2017 | | MXP | 3.59 | 0 | -208 | 464 | 672 | - | 664 | 55 | 40 | 14 | - | 100% | Mexico |
| 38 | Samvardhana Motherson Polymers Management Germany GMBH | December 31,2017 | | EUR | 80.30 | 2 | 0 | 2 | 0 | - | - | -0 | - | -0 | - | 100% | Germany |
| 39 | MSSL Manufacturing Hungary Kft | March 31, 2018 | | EUR | 80.30 | 1 | 130 | 2,880 | 2,750 | - | 381 | -81 | 3 | -84 | - | 100% | Hungary |
| 40 | Samvardhana Motherson Automotive Systems Group B.V. | March 31, 2018 | | EUR | 80.30 | 5 | 78,321 | 144,749 | 66,423 | 86,493 | - | 1,289 | - | 1,289 | - | 100% | Netherlands |
| 41 | Samvardhana Motherson Peguform GmbH | March 31, 2018 | | EUR | 80.30 | 2 | -1,504 | 10,114 | 11,616 | 9,809 | - | -336 | -1,482 | -1,818 | - | 100% | Germany |
| 42 | Samvardhana Motherson Innovative Autosystems Holding Company BV | March 31, 2018 | | EUR | 80.30 | 8 | -1 | 10 | 3 | - | 3 | 0 | - | 0 | - | 100% | Netherlands |
| 43 | SMP Automotive Interiors (Beijing) Co. Ltd | December 31,2017 | | CNY | 10.39 | 442 | -227 | 3,298 | 3,084 | - | 6,762 | 194 | - | 194 | - | 100% | China |
| 44 | SMP Exterior Automotive GmbH | March 31, 2018 | | EUR | 80.30 | 2 | 350 | 8,813 | 8,461 | 2 | 15,110 | -991 | - | -991 | - | 100% | Germany |
| 45 | Samvardhana Motherson Innovative Autosystems B.V. & Co. KG | March 31, 2018 | | EUR | 80.30 | 241 | 3,471 | 6,982 | 3,270 | - | 17,136 | 572 | -84 | 488 | - | 100% | Germany |
| 46 | SM Real Estate GmbH | March 31, 2018 | | EUR | 80.30 | 2 | 100 | 925 | 823 | - | 146 | 50 | -8 | 42 | - | 100% | Germany |

(All amounts in ₹ Million, unless otherwise stated)

| Sl. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Date of Acquisition | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Exchange Rate | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 47 | Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V | December 31,2017 | January 30, 2015 | MXP | 3.59 | 895 | -225 | 1,357 | 687 | - | 1,162 | 267 | 93 | 360 | - | 100% | Mexico |
| 48 | SMP Deutschland GmbH | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 2 | 12,629 | 53,948 | 41,317 | 1,353 | 100,786 | 6,755 | -57 | 6,698 | 6,698 | 100% | Germany |
| 49 | SMP Automotive Solutions Slovakia s.r.o | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 0 | -1,427 | 328 | 1,755 | - | 1,870 | -109 | - | -109 | - | 100% | Slovakia |
| 50 | SMP Logistik Service GmbH | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 2 | 43 | 135 | 90 | - | 450 | 2 | 0 | 2 | - | 100% | Germany |
| 51 | Changchun Peguform Automotive Plastics Technology Co., Ltd. | December 31,2017 | November 23, 2011 | CNY | 10.39 | 862 | 6,053 | 11,639 | 4,724 | 322 | 16,938 | 3,318 | -517 | 2,802 | - | 50% +1share | China |
| 52 | SMP Automotive Technology Management Services (Changchun) Co. Ltd. | December 31,2017 | November 23, 2011 | CNY | 10.39 | 14 | -28 | 0 | 15 | - | - | -2 | 2 | -0 | - | 100% | China |
| 53 | Foshan Peguform Automotive Plastics Technology Co. Ltd. | December 31,2017 | | CNY | 10.39 | 291 | -82 | 1,001 | 792 | - | 369 | -18 | -12 | -30 | - | 100% | China |
| 54 | SMP Automotive Technology Iberica S.L. | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 1,623 | 2,022 | 23,169 | 19,524 | 5,712 | 20,555 | 807 | -626 | 181 | - | 100% | Spain |
| 55 | SMP Automotive Technologies Teruel Sociedad Limitada | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 40 | 186 | 533 | 307 | - | 1,057 | 138 | -33 | 105 | - | 100% | Spain |
| 56 | Samvardhana Motherson Peguform Barcelona S.L.U | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 20 | 431 | 5,863 | 5,412 | - | 40,926 | 490 | -123 | 368 | - | 100% | Spain |
| 57 | SMP Automotive Produtos Automotivos do Brasil Ltda. | March 31, 2018 | November 23, 2011 | BRL | 19.72 | 6,560 | -8,082 | 2,334 | 3,856 | - | 7,831 | -1,805 | 42 | -1,763 | - | 100%-1share | Brazil |
| 58 | SMP Automotive Systems Mexico S.A. de C.V. | December 31,2017 | November 23, 2011 | USD | 65.17 | 4,140 | -541 | 19,147 | 15,548 | - | 17,405 | 1,059 | -195 | 865 | - | 100%-1share | Mexico |
| 59 | Samvardhana Motherson Peguform Automotive Technology Portugal S.A. | March 31, 2018 | November 23, 2011 | EUR | 80.30 | 8 | 347 | 2,010 | 1,655 | - | 5,979 | 281 | -71 | 209 | - | 100% | Portugal |
| 60 | SMP Automotive Systems Alabama Inc. | March 31, 2018 | | USD | 65.17 | - | -3,057 | 15,050 | 18,107 | - | 21 | -2,926 | 666 | -2,259 | - | 100% | USA |
| 61 | Celulosa Fabril (Cefa) S.A. (Zaragoza, ES) | December 31,2017 | November 23, 2011 | EUR | 80.30 | - | 1,994 | 5,074 | 3,081 | 161 | 6,570 | 873 | -218 | 655 | - | 50% | Spain |
| 62 | Modulos Ribera Alta S.L.Unipersonal | December 31,2017 | | EUR | 80.30 | - | 2,067 | 2,923 | 857 | - | 3,575 | 627 | -157 | 470 | - | 50% | Spain |
| 63 | Motherson Innovations Lights GmbH & Co KG | March 31, 2018 | January 02, 2017 | EUR | 80.30 | 2 | 8 | 48 | 38 | - | 91 | 3 | -0 | 2 | - | 100% | Germany |
| 64 | Motherson Innovations Lights Verwaltungs GmbH | March 31, 2018 | January 02, 2017 | EUR | 80.30 | 2 | -0 | 2 | 0 | - | - | 0 | - | 0 | - | 100% | Germany |
| 65 | Shenyang SMP Automotive Component Co., Ltd | December 31,2017 | | CNY | 10.39 | 62 | - | 62 | - | - | - | - | - | - | - | 100% | China |
| 66 | Samvardhana Motherson Reflectec Group Holdings Limited | March 31, 2018 | | EUR | 80.30 | 2,445 | 12,517 | 22,831 | 7,869 | 10,028 | - | 2,846 | - | 2,846 | - | 100% | Jersey |
| 67 | SMR Automotive Holding Hong Kong Limited | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 185 | 19 | 205 | 1 | 203 | - | -1 | - | -1 | - | 100% | Hong Kong |
| 68 | SMR Automotive Technology Holding Cyprus Limited | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 160 | 7,024 | 7,699 | 515 | 7,697 | - | 850 | - | 850 | - | 100% | Cyprus |

(All amounts in ₹ Million, unless otherwise stated)

| Sl. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Date of Acquisition | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Exchange Rate | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 69 | SMR Automotive Mirror Systems Holding Deutschland GmbH | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 2 | 2,648 | 4,434 | 1,784 | 2,753 | - | 1,920 | 212 | 1,708 | - | 100% | Germany |
| 70 | SMR Automotive Mirrors Stuttgart GmbH | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 2 | - | 3,191 | 3,189 | 8 | 3,487 | - | - | - | - | 100% | Germany |
| 71 | SMR Automotive Modules Korea Ltd. | March 31, 2018 | March 06, 2009 | KRW | 0.06 | 248 | 4,929 | 9,006 | 3,829 | 1,511 | 21,357 | 471 | -37 | 508 | - | 100% | Korea |
| 72 | SMR Hyosang Automotive Ltd. | March 31, 2018 | March 06, 2009 | KRW | 0.06 | 28 | 1,485 | 3,369 | 1,857 | - | 6,811 | -27 | -8 | -20 | - | 100% | Korea |
| 73 | SMR Holding Australia Pty Ltd. | March 31, 2018 | March 06, 2009 | AUD | 50.04 | 1,698 | 7 | 1,707 | 2 | 1,620 | - | 945 | -0 | 945 | - | 100% | Australia |
| 74 | SMR Automotive Australia Pty Limited | March 31, 2018 | March 06, 2009 | AUD | 50.04 | 565 | 679 | 2,927 | 1,684 | 6 | 5,337 | 896 | 240 | 655 | - | 100% | Australia |
| 75 | SMR Automotive Mirror Technology Hungary BT | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 82 | 3,680 | 30,471 | 26,710 | - | 31,756 | 110 | 16 | 94 | - | 100% | Hungary |
| 76 | SMR Grundbesitz GmbH & Co. KG | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 4 | 170 | 433 | 259 | - | 66 | 34 | 2 | 32 | - | 93% | Germany |
| 77 | SMR Automotive (Langfang) Co. Ltd | December 31,2017 | | CNY | 10.39 | 905 | -1,058 | 3,845 | 3,998 | - | 3,924 | -214 | - | -214 | - | 100% | China |
| 78 | SMR Automotive Mirror Parts and Holdings UK Ltd | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 0 | 10,621 | 13,964 | 3,343 | 4,772 | - | 1,652 | - | 1,652 | - | 100% | UK |
| 79 | SMR Automotive Mirrors UK Limited | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 0 | 398 | 3,027 | 2,629 | - | 12,533 | 356 | 73 | 283 | - | 100% | UK |
| 80 | SMR Automotive Technology Valencia S.A.U. | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 200 | -19 | 187 | 6 | 5 | - | -11 | -3 | -8 | - | 100% | Spain |
| 81 | SMR Automotive Industries RUS Limited Liability Company | December 31,2017 | | RUB | 1.14 | 31 | -11 | 27 | 6 | - | 15 | -13 | -2 | -11 | - | 100% | Russia |
| 82 | SMR Automotive Mirror International USA Inc. | March 31, 2018 | March 06, 2009 | USD | 65.17 | 4,939 | 6,532 | 12,103 | 632 | 5,396 | - | 3,415 | 114 | 3,301 | - | 100% | USA |
| 83 | SMR Automotive Systems USA Inc. | March 31, 2018 | March 06, 2009 | USD | 65.17 | 5 | 4,439 | 8,361 | 3,917 | - | 27,791 | 4,862 | 1,142 | 3,720 | - | 100% | USA |
| 84 | SMR Automotive Systems France S.A. | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 1,107 | -1,653 | 2,521 | 3,067 | - | 7,365 | -665 | - | -665 | - | 100% | France |
| 85 | SMR Automotive Systems India Limited | March 31, 2018 | March 06, 2009 | INR | 1.00 | 137 | 2,038 | 3,396 | 1,221 | 0 | 5,944 | 897 | 311 | 586 | 88 | 100% | India |
| 86 | SMR Automotive Yancheng Co. Limited | December 31,2017 | March 06, 2009 | CNY | 10.39 | 459 | 354 | 1,599 | 786 | - | 1,070 | 46 | 17 | 29 | - | 100% | China |
| 87 | SMR Automotive Beijing Company Limited | December 31,2017 | March 06, 2009 | CNY | 10.39 | 35 | 329 | 352 | -12 | - | 12 | -1 | - | -1 | - | 100% | China |
| 88 | SMR Automotive Mirror Technology Holding Hungary KFT | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 2 | 2,397 | 2,401 | 2 | 1,880 | 0 | 608 | - | 608 | - | 100% | Hungary |
| 89 | SMR Automotive Systems Spain S.A.U | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 94 | 448 | 3,091 | 2,549 | 177 | 4,681 | 897 | 222 | 675 | - | 100% | Spain |
| 90 | SMR Automotive Vision Systems Mexico S.A de C.V | December 31,2017 | March 06, 2009 | MXP | 3.59 | 363 | 2,024 | 5,100 | 2,714 | 48 | 6,388 | 971 | 224 | 747 | - | 100% | Mexico |

(All amounts in ₹ Million, unless otherwise stated)

| Sl. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Date of Acquisition | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Exchange Rate | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 91 | SMR Automotive Servicios Mexico S.A de C.V | December 31,2017 | March 06, 2009 | MXP | 3.59 | 0 | 48 | 48 | - | - | - | -0 | - | -0 | - | 100% | Mexico |
| 92 | SMR Patents S.à.r.l. | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 1 | -4 | 60 | 63 | - | - | 2 | 1 | 1 | - | 100% | Germany |
| 93 | SMR Automotive Beteiligungen Deutschland GmbH | March 31, 2018 | March 06, 2009 | EUR | 80.30 | 2 | 58 | 517 | 457 | - | 65 | - | - | - | - | 100% | Germany |
| 94 | SMR Automotive Brasil Ltda. | December 31,2017 | | BRL | 19.72 | 1,628 | -738 | 1,496 | 606 | - | 1,941 | 89 | -20 | 109 | - | 100% | Brasil |
| 95 | SMR Automotives Systems Macedonia Dooel Skopje | December 31,2017 | | EUR | 80.30 | 0 | -15 | 0 | 15 | - | - | - | - | - | - | 100% | Macedonia |
| 96 | SMR Automotive System (Thailand) Limited | March 31, 2018 | | THB | 2.09 | 988 | -507 | 904 | 423 | - | 984 | -34 | - | -34 | - | 100% | Thailand |
| 97 | SMR Automotive Operations Japan K.K. | March 31, 2018 | | JPY | 0.61 | 15 | 46 | 78 | 17 | - | 44 | 13 | 3 | 10 | - | 100% | Japan |
| 98 | SMR Automotive Vision System Operations USA INC . | March 31, 2018 | | USD | 65.17 | 0 | 4,075 | 13,199 | 9,124 | 3,685 | - | -0 | -192 | 192 | - | 100% | USA |
| 99 | SMR Mirror UK Limited | March 31, 2018 | | EUR | 80.30 | 3,296 | -960 | 11,460 | 9,124 | 11,460 | - | 1,433 | - | 1,433 | - | 100% | UK |
| 100 | Samvardhana Motherson Global (FZE) | March 31, 2018 | | USD | 65.17 | 3 | 69 | 108 | 36 | - | 207 | 20 | - | 20 | - | 100% | UAE |
| 101 | Motherson Innovations Company Ltd. | March 31, 2018 | | EUR | 80.30 | 2,752 | -1,417 | 1,453 | 118 | 1,422 | - | -878 | - | -878 | - | 100% | UK |
| 102 | Motherson Innovations Deutschland GMBH | March 31, 2018 | | EUR | 80.30 | 2 | -0 | 2 | - | - | - | -0 | - | -0 | - | 100% | Germany |
| 103 | PKC Group Plc | March 31, 2018 * | March 27, 2017 | EUR | 80.30 | 499 | 10,674 | 29,225 | 18,053 | 10 | - | -1,287 | - | -760 | 1,356 | 100% | Finland |
| 104 | PKC Wiring Systems Oy | March 31, 2018 * | March 27, 2017 | EUR | 80.30 | 17 | 4,921 | 28,642 | 23,705 | 1,401 | - | -1,659 | - | -1,607 | - | 100% | Finland |
| 105 | PKC Netherlands Holding B.V. | December 31,2017 | March 27, 2017 | EUR | 80.30 | 4 | 992 | 1,001 | 5 | - | - | 658 | - | 658 | - | 100% | Netherlands |
| 106 | PKC Group Poland Sp. z o.o. | December 31,2017 | March 27, 2017 | PLN | 19.05 | 390 | -397 | 3,850 | 3,858 | 79 | 9,544 | -414 | - | -383 | - | 100% | Poland |
| 107 | PKC Wiring Systems Llc | December 31,2017 | March 27, 2017 | RSD | 0.68 | 1,710 | -1,245 | 1,051 | 586 | 155 | 918 | -239 | - | -239 | - | 100% | Serbia |
| 108 | PKC Group APAC Limited | December 31,2017 | March 27, 2017 | HKD | 8.30 | 4 | -1,309 | 2,539 | 3,844 | 985 | - | -183 | - | -183 | - | 100% | Hong Kong |
| 109 | PKC Group Canada Inc. | December 31,2017 | March 27, 2017 | CAD | 50.55 | 714 | -339 | 364 | -11 | - | 19 | 4 | - | 8 | - | 100% | Canada |
| 110 | PKC Group USA Inc. | December 31,2017 | March 27, 2017 | USD | 65.17 | 881 | -10,187 | 4,648 | 13,955 | - | - | -881 | - | -881 | - | 100% | USA |
| 111 | PKC Group Mexico S.A. de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 0 | 144 | 144 | 0 | - | - | -2 | - | -4 | - | 100% | Mexico |
| 112 | Project del Holding S.a.r.l. | December 31,2017 | March 27, 2017 | EUR | 80.30 | 612 | 702 | 1,316 | 2 | - | - | 86 | - | 86 | - | 100% | Luxembourg |
| 113 | PK Cables do Brasil Ltda | December 31,2017 | March 27, 2017 | BRL | 19.72 | 6,418 | -5,294 | 3,606 | 2,482 | 142 | 4,216 | -43 | - | -35 | - | 100% | Brazil |
| 114 | PKC Eesti AS | December 31,2017 | March 27, 2017 | EUR | 80.30 | 82 | 10,659 | 13,914 | 3,173 | 8 | 13,846 | 1,387 | - | 1,387 | - | 100% | Estonia |
| 115 | TKV-sarjat Oy | March 31, 2018 * | March 27, 2017 | EUR | 80.30 | 1 | 7 | 21 | 13 | - | - | -2 | - | -2 | - | 100% | Finland |
| 116 | PKC SEGU Systemelektrik GmbH | December 31,2017 | March 27, 2017 | EUR | 80.30 | 2 | -173 | 694 | 865 | 54 | 1,250 | -180 | - | -176 | - | 100% | Germany |
| 117 | PK Cables Nederland B.V. | December 31,2017 | March 27, 2017 | EUR | 80.30 | 2 | 4 | 5 | - | - | - | 1 | - | 1 | - | 100% | Netherlands |
| 118 | Groclin Luxembourg S.à r.l. | December 31,2017 | March 27, 2017 | EUR | 80.30 | 214 | 1,586 | 1,805 | 5 | - | - | -1 | - | -2 | - | 100% | Luxembourg |
| 119 | PKC Vehicle Technology (Suzhou) Co., Ltd. | December 31,2017 | March 27, 2017 | CNY | 10.39 | 424 | -891 | 96 | 562 | 7 | 183 | -209 | - | -209 | - | 100% | China |
| 120 | AEES Inc. | December 31,2017 | March 27, 2017 | USD | 65.17 | 0 | 5,665 | 14,840 | 9,174 | 1,074 | 35,103 | 903 | - | 1,111 | - | 100% | USA |
| 121 | PKC Group Lithuania UAB | December 31,2017 | March 27, 2017 | EUR | 80.30 | 12 | 218 | 849 | 620 | 192 | 1,771 | -1 | - | -1 | - | 100% | Lithuania |

| Sl. No. | Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Date of Acquisition | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Exchange Rate | Share capital | Reserves & surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 122 | PKC Group Poland Holding Sp. z o.o. | December 31,2017 | March 27, 2017 | PLN | 19.05 | 399 | 399 | 4,744 | 3,945 | - | - | -68 | - | -68 | - | 100% | Poland |
| 123 | OOO AEK | December 31,2017 | March 27, 2017 | RUB | 1.14 | 80 | 199 | 735 | 456 | 60 | 1,160 | 73 | - | 53 | - | 100% | Russia |
| 124 | Kabel-Technik-Polska Sp. z o.o. | December 31,2017 | March 27, 2017 | PLN | 19.05 | 300 | 724 | 4,916 | 3,892 | 224 | 6,428 | 166 | - | 177 | - | 100% | Poland |
| 125 | AEES Power Systems Limited partnership | December 31,2017 | March 27, 2017 | USD | 65.17 | - | 1,410 | 1,915 | 505 | 1 | 966 | 269 | - | 155 | - | 100% | USA |
| 126 | T.I.C.S. Corporation | December 31,2017 | March 27, 2017 | USD | 65.17 | 0 | 0 | 0 | 0 | - | - | - | - | - | - | 100% | USA |
| 127 | Fortitude Industries Inc. | December 31,2017 | April 01, 2017 | USD | 65.17 | 1 | 718 | 1,091 | 373 | 835 | 603 | 87 | - | 97 | - | 100% | USA |
| 128 | AEES Manufactuera, S. De R.L de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 60 | 762 | 1,273 | 451 | 47 | 2,097 | 111 | - | 81 | - | 100% | Mexico |
| 129 | Cableodos del Norte II, S. de R.L de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 0 | 146 | 370 | 224 | - | 1,721 | 81 | - | 52 | - | 100% | Mexico |
| 130 | Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 1 | 2 | 27 | 24 | - | - | -0 | - | -0 | - | 100% | Mexico |
| 131 | Arneses y Accesorios de México, S. de R.L de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 0 | 256 | 995 | 739 | - | 3,983 | 255 | - | 188 | - | 100% | Mexico |
| 132 | Asesoria Mexicana Empresarial, S. de R.L de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 7 | 79 | 170 | 84 | - | 488 | 22 | - | 14 | - | 100% | Mexico |
| 133 | Arneses de Ciudad Juarez, S. de R.L de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 0 | 29 | 78 | 49 | - | 380 | 18 | - | 12 | - | 100% | Mexico |
| 134 | PKC Group de Piedras Negras, S. de R.L. de C.V. | December 31,2017 | March 27, 2017 | MXP | 3.59 | 0 | 28 | 124 | 96 | - | 694 | 32 | - | 20 | - | 100% | Mexico |
| 135 | PKC Group AEES Commercial S. de R.L de C.V | December 31,2017 | March 27, 2017 | MXP | 3.59 | 0 | 19 | 69 | 49 | - | 159 | 13 | - | 9 | - | 100% | Mexico |
| 136 | Jiangsu Huakai-PKC Wire Harness Co., Ltd. | December 31,2017 | March 27, 2017 | CNY | 10.39 | 1,247 | 1,946 | 4,944 | 1,751 | 399 | 5,536 | 1,033 | - | 781 | - | 50% | China |
| 137 | PKC Vechicle Technology (Hefei) Co, Ltd. | December 31,2017 | March 27, 2017 | CNY | 10.39 | 727 | -185 | 2,064 | 1,521 | 456 | 2,555 | -185 | - | -185 | - | 50% | China |
| 138 | Shandong Huakai-PKC Wire Harness co., Ltd | December 31,2017 | | CNY | 10.39 | 166 | -24 | 191 | 49 | 153 | - | -24 | - | -24 | - | 100% | China |
| 139 | Motherson Air Travel Pvt Ltd | March 31, 2018 | | EUR | 80.30 | - | 114 | 1,229 | 1,115 | - | - | -114 | - | -114 | - | 100% | Ireland |

**Notes:**

1. Subsidiary company ' Tianjin SMP Automotive Component Company Limited' was incorporated on March 06, 2018 and is yet to commence its business.
2. PKC Group Plc, PKC Wiring Systems Oy and TKV-sarjat Oy changed their financial year end from December 31st to March 31st, and prepared its audited financial for 15 months period on March 31, 2018. Turnover, profit before taxation, provision for taxation and profit after taxation in the above table of these entities are for 15 months period.
3. Investment includes investment in subsidiaries, joint ventures and associates.
4. Global Environment Management Australia Pty Limited is under liquidation.

(All amounts in ₹ Million, unless otherwise stated)

**Part B: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/ Joint Ventures | Latest audited Balance Sheet Date | Date of acquisition | Shares of Associate/Joint Ventures held by the company on the year end | | | Description of how there is significant influence | Reason why the associate/joint venture is not Consolidated | Networth attributable to Shareholding as per latest audited Balance Sheet | Profit / Loss for the year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | No. | Amount of Investment in Associates/Joint Venture | Extend of Holding % | | | | Considered in Consolidation | Not Considered in Consolidation |
| Saks Ancillaries Limited | March 31, 2017 | | 1,000,000 | 11 | 40.01% | The Group controls 40.01% share holding of Saks Ancillaries Limited. | The Company carries out the equity method of accounting | 38 | 7 | |
| Re-time Pty Limited | June 30, 2017 | | 350 | 0 | 35% | The Group controls 35% share holding of Re-time Pty Limited. | The Company carries out the equity method of accounting | 6 | -9 | |
| Ningbo SMR Huaxiang Automotive Mirrors Co. Limited | December 31, 2017 | March 06, 2009 | - | 1,194 | 50% | Joint Control along with its joint venture partner | The Company carries out the equity method of accounting | 1,399 | 1,477 | |
| Chongqing SMR Huaxiang Automotive Products Limited | December 31, 2017 | | - | 462 | 50% | Joint Control along with its joint venture partner | The Company carries out the equity method of accounting | 426 | 383 | |
| Kyungshin Industrial Motherson Limited | March 31, 2018 | | 8,600,000 | 86 | 50% | Joint Control along with its joint venture partner | The Company carries out the equity method of accounting | 1,847 | 846 | |
| Calsonic Kansei Motherson Auto Products Private Limited | March 31, 2018 | | 30,930,836 | 400 | 49% | Joint Control along with its joint venture partner | The Company carries out the equity method of accounting | 636 | 260 | |
| Eissmann SMP Automotive interieur Slovakia s.r.o. | December 31, 2017 | | 2,633 | 0 | 49% | Joint Control along with its joint venture partner | The Company carries out the equity method of accounting | 439 | 118 | |
| Hubei Zhengao PKC Automotive Wiring Company Ltd. | December 31, 2017 | | | 711 | 40% | Joint Control along with its joint venture partner | The Company carries out the equity method of accounting | 646 | 56 | |

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