

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,422.27	2,072.14
Capital work in progress	3	275.91	355.76
Right of use assets	37	116.26	-
Intangible assets	4	45.72	6.25
Intangible assets under development	4	-	4.88
<b>Financial assets</b>			
(i) Investments	5	-	0.40
(ii) Loans	6b	5.34	6.81
(iii) Other financial assets	6d	13.76	14.96
Non-current tax assets (net)	17	53.49	42.75
Other non-current assets	8	4.92	32.18
<b>Total non current asset</b>		<b>2,937.67</b>	<b>2,536.13</b>
<b>Current assets</b>			
Inventories	9	508.77	482.51
<b>Financial assets</b>			
(i) Trade receivables	6a	359.65	849.42
(ii) Cash and cash equivalents	6c	508.37	43.35
(iii) Loans	6b	8.48	3.84
(iv) Other financial assets	6d	76.73	165.80
Other current assets	10	192.33	290.43
<b>Total current assets</b>		<b>1,654.33</b>	<b>1,835.35</b>
<b>Total assets</b>		<b>4,592.00</b>	<b>4,371.48</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	11a	137.00	137.00
<b>Other Equity</b>			
Reserves and surplus	11b	2,568.90	2,426.79
<b>Total equity</b>		<b>2,705.90</b>	<b>2,563.79</b>
<b>Non current liabilities</b>			
<b>Financial liabilities</b>			
(i) Other financial liabilities	12b	8.40	11.56
(ii) Lease liabilities	37	42.87	-
Provisions	13	1.50	5.13
Employee benefit obligations	14	99.42	69.03
Deferred tax liabilities (net)	7	75.52	17.85
Government grants	15	11.46	11.94
<b>Total non current liabilities</b>		<b>239.17</b>	<b>115.51</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	12a	300.00	369.78
(ii) Lease liabilities	37	13.31	-
(iii) Trade payables			
Total outstanding dues of micro, small & medium enterprises	12c	31.50	10.28
Total outstanding dues of creditors other than micro small and medium enterprises	12c	968.86	1,032.20
(iv) Other financial liabilities	12b	214.35	175.76
Provisions	13	5.94	17.71
Employee benefit obligations	14	2.18	2.09
Government grants	15	0.48	3.55
Other current liabilities	16	110.31	80.81
<b>Total current liabilities</b>		<b>1,646.93</b>	<b>1,692.18</b>
<b>Total liabilities</b>		<b>1,886.10</b>	<b>1,807.69</b>
<b>Total equity and liabilities</b>		<b>4,592.00</b>	<b>4,371.48</b>

**Summary of significant accounting policies**

2

The above balance sheet should be read in conjunction with the accompanying notes

As per our report of even date  
For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of  
SMR Automotive Systems India Limited

per Rajeev Sawhney  
Partner  
Membership No. 096333  
Place: New Delhi

Sanjay Mehta  
Director  
DIN: 03215388

Pankaj Kumar Mital  
Director  
DIN: 00194931

Rajat Jain  
Chief Operating Officer

Selvakumar Velusamy  
Chief Financial Officer

Sakshi Mehta  
Company Secretary

Place: Noida

**SMR Automotive Systems India Limited**  
**CIN No. U74899DL1995PLC074884**  
**Statement of profit and loss for the year ended March 31, 2020**  
*(All amounts in Rs. Million, unless otherwise stated)*

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>REVENUE</b>			
Revenue from Contract with Customers	18	5,444.67	6,403.38
Other Income	19	36.27	23.02
<b>Total Income</b>		<b>5,480.94</b>	<b>6,426.40</b>
<b>EXPENSE</b>			
Cost of raw material and components consumed	20a	3,102.51	3,754.20
Purchase of traded goods	20a	45.87	208.03
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	20b	(10.43)	(26.32)
Employee benefit expense	21	722.15	663.70
Depreciation and amortization expense	22	267.05	175.03
Other expenses	23	920.56	899.22
Finance costs	24	42.22	15.21
<b>Total expenses</b>		<b>5,089.93</b>	<b>5,689.07</b>
<b>Profit before tax</b>		<b>391.01</b>	<b>737.33</b>
<b>Tax expenses</b>			
Current tax	25a	73.19	232.55
Adjustment of tax relating to earlier periods	25a	9.85	(21.44)
Deferred tax expense	25b	63.95	27.61
<b>Total Tax expense</b>		<b>146.99</b>	<b>238.72</b>
<b>Profit for the Year</b>		<b>244.02</b>	<b>498.61</b>
<b>Other comprehensive income</b>			
Items that not to be reclassified to profit or loss:			
Remeasurement of post-employment benefits obligations	14h	(18.03)	(5.69)
Deferred tax (expense)/ credit on remeasurement of post-employments benefits obligations	25b	6.30	1.99
<b>Other comprehensive income for the year (net of tax)</b>		<b>(11.73)</b>	<b>(3.70)</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>232.29</b>	<b>494.91</b>
Basic and diluted earnings per share	35	17.81	36.40
Nominal value per share of Rs.10 (Previous year - Rs.10)			
<b>Summary of significant accounting policies</b>	<b>2</b>		

The above statement of profit & loss should be read in conjunction with the accompanying notes

As per our report of even date

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of

**SMR Automotive Systems India Limited**

per **Rajeev Sawhney**

Partner

Membership No. 096333

Place: New Delhi

**Sanjay Mehta**

Director

DIN: 03215388

**Pankaj Kumar Mital**

Director

DIN: 00194931

**Rajat Jain**

Chief Operating Officer

**Selvakumar Velusamy**

Chief Financial Officer

**Sakshi Mehta**

Company Secretary

Place: Noida

**SMR Automotive Systems India Limited**

CIN No. U74899DL1995PLC074884

**Statement of changes in equity as at and for the year ended March 31, 2020**

*(All amounts in Rs. Million, unless otherwise stated)*

**Statement of changes in equity**

**A. Equity share capital**

	Notes	Number of Shares	Total
As at April 1, 2018	11a	13,700,000	137.00
Changes in equity share capital		-	-
As at March 31, 2019	11a	13,700,000	137.00
Changes in equity share capital		-	-
As at March 31, 2020	11a	13,700,000	137.00

**B. Other equity**

	Notes	Reserves and surplus		Total
		Retained earnings	General Reserve	
<b>Balance as at April 1, 2018</b>		<b>2,036.13</b>	<b>1.78</b>	<b>2,037.91</b>
Profit for the year	11b	498.61	-	498.61
Other comprehensive income	11b	(3.70)	-	(3.70)
Total comprehensive income for the year		<b>494.91</b>	<b>-</b>	<b>494.91</b>
Dividend Paid	11b	(87.95)	-	(87.95)
Tax on Dividend	11b	(18.08)	-	(18.08)
<b>Balance as at March 31, 2019</b>		<b>2,425.01</b>	<b>1.78</b>	<b>2,426.79</b>
<b>Balance as at April 1, 2019</b>		<b>2,425.01</b>	<b>1.78</b>	<b>2,426.79</b>
Profit for the year	11b	244.02	-	244.02
Other comprehensive income	11b	(11.73)	-	(11.73)
Total comprehensive income for the year		<b>232.29</b>	<b>-</b>	<b>232.29</b>
Dividend Paid	11b	(74.80)	-	(74.80)
Tax on Dividend	11b	(15.38)	-	(15.38)
<b>Balance as at March 31, 2020</b>		<b>2,567.12</b>	<b>1.78</b>	<b>2,568.90</b>
<b>Summary of significant accounting policies</b>	<b>2</b>			

The above statement of changes in equity should be read in conjunction with the accompanying notes

As per our report of even date  
**For S.R. Batliboi & CO. LLP**  
 Chartered Accountants  
 ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of  
**SMR Automotive Systems India Limited**

**per Rajeev Sawhney**  
 Partner  
 Membership No. 096333  
 Place: New Delhi

**Sanjay Mehta**  
 Director  
 DIN: 03215388

**Pankaj Kumar Mital**  
 Director  
 DIN: 00194931

**Rajat Jain**  
 Chief Operating Officer

**Selvakumar Velusamy**  
 Chief Financial Officer

**Sakshi Mehta**  
 Company Secretary

Place: Noida

Cash flow statement for the year ended March 31, 2020

(All amounts in Rs. Million, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from Operating Activities</b>		
Profit before tax	391.01	737.33
<u>Adjustments for:</u>		
Depreciation & amortisation expense	267.05	175.03
Loss/(Profit) on sale of property, plant & equipment (net)	(0.16)	(0.01)
Liability no longer required written back	17.16	-
Loss/(Profit) on mark to market for derivative instrument	-	(0.64)
Provision on doubtful debts	(0.09)	0.55
Provision for warranty	(15.40)	(0.78)
Interest Income	(1.03)	(7.90)
Amortisation of government grants	(3.55)	(4.20)
Finance costs	42.22	14.87
Unrealised foreign currency loss/ (profit)	28.61	(13.71)
<b>Operating profit before working capital changes</b>	<b>725.82</b>	<b>900.54</b>
<b>Change in working Capital:</b>		
Increase/(Decrease) in Trade Payables	(75.30)	156.52
(Increase)/Decrease in Other Financial Assets	90.20	(65.27)
(Increase)/Decrease in Other Non-current Assets	8.46	124.27
(Increase)/Decrease in Other Current Assets	98.11	(81.60)
(Increase)/Decrease in Trade Receivables	493.16	41.96
(Increase)/Decrease in Inventories	(26.26)	(101.80)
(Increase)/Decrease in Other Receivables	(3.17)	(1.66)
Increase/(Decrease) in Other Financial Liability	58.21	7.26
Increase/(Decrease) in Other Current Liability	29.49	(33.02)
Increase/(Decrease) in Employee Benefit Obligations	12.45	16.05
<b>Cash generated from operations</b>	<b>1,411.17</b>	<b>963.25</b>
Income tax paid	(93.77)	(242.69)
<b>Net cash generated from operations activities (A)</b>	<b>1,317.40</b>	<b>720.56</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of property, plant & equipment/ Intangible Assets/ Intangible Asset under development and capital work in progress	(635.69)	(1,205.20)
Sale of Property, plant & equipment	0.34	0.17
Sale of long term investments	0.40	-
Movement in bank balance not considered as cash and cash equivalents	-	50.00
Interest received	1.10	8.70
<b>Net cash used in investing activities (B)</b>	<b>(633.85)</b>	<b>(1,146.33)</b>
<b>C. Cash flow from financing activities:</b>		
Dividend paid	(74.80)	(87.95)
Dividend distribution tax	(15.38)	(18.08)
Interest paid	(43.72)	(13.39)
Payment of lease liability	(14.85)	-
Proceeds from short term borrowings	400.00	369.78
Repayment of Short Term Borrowings	(469.78)	-
<b>Net cash generated from/ (used in) financing activities (C)</b>	<b>(218.53)</b>	<b>250.36</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>465.02</b>	<b>(175.42)</b>
<b>Net Cash and Cash equivalents at the beginning of the year</b>	<b>43.35</b>	<b>218.77</b>
<b>Cash and cash equivalents as at closing of the year</b>	<b>508.37</b>	<b>43.35</b>
<b>Cash and cash equivalents comprise</b>		
Cash on hand	1.07	1.32
Cheques in hand	0.24	0.71
Balance with Banks	506.63	42.07
	<b>507.94</b>	<b>44.10</b>
Unrealised Gain on foreign currency cash and cash equivalents	0.43	(0.75)
<b>Cash and cash equivalents as per Balance Sheet</b>	<b>508.37</b>	<b>43.35</b>

Summary of significant accounting policies

2

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Ind AS-7 on "Statement of Cash Flows" notified Under Section 133 of The Companies Act, 2013.

2. Figures in brackets represents cash outflow.

The above statement of changes in equity should be read in conjunction with the accompanying notes

As per our report of even date  
For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of  
SMR Automotive Systems India Limited

per Rajeev Sawhney  
Partner  
Membership No. 096333  
Place: New Delhi

Sanjay Mehta  
Director  
DIN: 03215388

Pankaj Kumar Mital  
Director  
DIN: 00194931

Rajat Jain  
Chief Operating Officer

Selvakumar Velusamy  
Chief Financial Officer

Sakshi Mehta  
Company Secretary

Place: Noida



**SMR Automotive Systems India Limited**  
**Notes to the financial statements**  
*(All amounts are in Rs. Million, unless otherwise stated)*

**1. Corporate Information**

SMR Automotive Systems India Limited ('the Company') was incorporated on December 22, 1995. The Company manufactures mirrors and other related components for the Automotive industry.

SMR Automotive Technology Holding Cyprus Limited a subsidiary of SMRGHL holds 51% shareholding in the Company and the balance 49% is held by Motherson Sumi Systems Limited (MSSL). Samvardhana Motherson Reflectec Group Holdings Limited ('SMRGHL'), is a 98.45% subsidiary of Samvardhana Motherson Automotive System Group B.V. ('SMRPBV') which is a subsidiary of Samvardhana Motherson Global Holdings Limited (SMGHL). SMGHL is a joint venture between Motherson Sumi Systems Limited ('MSSL') and Samvardhana Motherson International Limited ('SAMIL') in the ratio of 51:49. Accordingly, MSSL is the ultimate holding company of the Company.

The financial statements were authorised for issue in accordance with a resolution of the directors on June 10, 2020.

**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) and presentation requirements of division II of schedule III to the companies act 2013,(IND AS complaint schedule III).

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, (Refer Note 26),
- Defined benefit pension plans – plan assets measured at fair value (Refer Note 14)

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 INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

**(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. (Refer Note 29)

The Company has only one reportable business segment i.e. manufacture and sale of rear vision systems and related products for automobiles and business support services to group entities.

**SMR Automotive Systems India Limited**  
**Notes to the financial statements**  
*(All amounts are in Rs. Million, unless otherwise stated)*

**(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 (INR) and the financial statements are presented in Indian Rupee (INR).

**(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 translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Exchange differences arising on settlement of monetary items are recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges.

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.

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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

#### **(e) Revenue from contracts with customers**

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

#### **Revenue from sale of components**

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

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

#### **Variable consideration**

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

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IND AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

#### **Warranty obligations**

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

#### **Sale of services**

Revenue from sale of maintenance services and installation services are recognized to the extent the related services are rendered as per the respective agreements.

#### **Revenue from development of tools**

The Company develops customized tooling for its customers and recognizes its revenue over time using an input method to measure progress towards complete satisfaction of the tool development. The Company recognizes revenue from development of tools over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation.

Where the Company cannot reasonably measure the outcome of a performance obligation, but the Company

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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

expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

#### **Determining the timing of satisfaction of tooling development**

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

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

#### **(f) Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Trade receivables are disclosed in Note 6a of the financial statements.

#### **Contract Assets**

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables. The Company's contract assets are disclosed in Note 6d Unbilled Receivables.

#### **Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. Contract Liabilities are disclosed in Note 16 Advances received from customers.

#### **Impairment**

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

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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

#### **(g) Other Income**

##### **Interest**

Interest is recognized 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 amortized 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.

##### **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.

#### **(h) Government grants**

Grants from the government are recognized 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 recognized 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 current & non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful 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 favorable interest is regarded as a government grant. The loan or assistance is initially recognized 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.

#### **(i) 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 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 realized or the deferred income tax liability is settled.

## SMR Automotive Systems India Limited

### Notes to the financial statements

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

Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize 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 realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

#### (j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Company as a Lessee

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

##### i) Right of use assets

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

- Buildings and offices                      1 to 90 years
- Motor vehicles                                4 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

##### ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **iii) Short term leases and leases of low-value assets**

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

#### **(k) 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 group 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 considered. 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.

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#### **(l) 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.

#### **(m) Inventories**

Raw materials and stores & spares, work in progress, traded and finished goods are stated at the lower of cost and net realizable 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. Costs are determined on weighted average basis.

Net realizable 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.

#### **(n) 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 marketplace (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 amortized 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 amortized cost if both the following conditions are met:



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- 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 considering 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 recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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equity.

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

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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 amortized 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 115
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

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

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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 recognizing 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 amortized 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 amortized cost is recognized 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 recognized 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.

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**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 recognized 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. The gain/ losses 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 recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings and other payables.

**Derecognition**

A financial liability is derecognized 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 recognized in the statement of profit and loss.

**(o) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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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 considers 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, 26 and 27)
- Quantitative disclosures of fair value measurement hierarchy (note 26)
- Financial instruments (including those carried at amortised cost) (note 6, 12a, 26 and 27)

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**(p) 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.

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 and net investment 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.

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

The Company has an interest rate swap that is used as a hedge for the exposure of changes in the fair value. See Note 27 for more details.

#### **(ii) Cash flow hedges**

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

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

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

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

#### **(q) Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and 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.

##### **Depreciation methods and useful lives:**

Depreciation is calculated using the straight-line method over estimated useful lives of the assets. The useful life of assets is summarized below:

S. No.	Asset Category	Useful life in years
1	Plant and machinery	
1.1	Molding*	10
1.3	Paint Shop*	10
1.4	STI	7.5
1.5	Assembly line*	5
1.6	MM5 Assembly*	10
1.7	Glass line*	10

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1.8	Laboratory equipments	7.5
1.9	Testing equipments	7.5
1.10	Forklift and racking*	5
1.11	Material Handling equipments*	5
1.12	Safety equipments	7.5
1.13	Generators	7.5
1.14	Utilities	7.5
1.15	Electrical installation and equipment	10
2	Mold & Tools*	Number of shots/ years
3	Building	30
4	Leasehold Land	Lease period
5	Leasehold Improvements	Lease period
6	Furniture and Fixtures*	5
7	Office equipment	5
8	Computer hardware	3
9	Vehicles	4

\*Useful life of these assets is higher/lower than the life prescribed under schedule II to the Companies Act, 2013 and are based on the 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.

**(r) 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 amortization and accumulated impairment losses.

The useful life of intangible assets is as follows: -

<b>Asset</b>	<b>Useful live years</b>
Software	3 years

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.



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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 recognized 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

Currently, research costs incurred by the Company 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.

#### **(s) 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 capitalized 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

#### **(t) Provisions and contingent liabilities**

##### **Provisions**

Provisions for legal claims, service warranties, volume discounts and returns are recognized 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 recognized 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 recognized 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 recognized 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 recognized as a finance cost.

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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

#### **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.

#### **(u) 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 recognized 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, New pension scheme (NPS) & Employee state insurance**

Contribution towards provident fund, NPS 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. The Company recognizes contribution payable to the scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### **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. 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

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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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. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of profit or loss in the period in which they arise. Past-service costs are recognized immediately in income.

#### **(v) Dividends**

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

#### **(w) Earnings per share**

##### **(i) Basic earnings per share:**

Basic earnings per share is calculated by dividing:

- profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

##### **(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:

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

#### **(x) Changes in Accounting policies**

The Company has not early adopted any standards or amendments that have been issued but are not yet effective. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

#### **IND AS -116 Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 determining whether an arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of transactions involving the legal form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. IND AS 116 introduces a single lessee accounting model, requiring lessees to recognize assets for the right to use as well as leasing liabilities for the outstanding lease payments.

According to IND AS 116, a lessee may elect, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The lease payments associated with those leases are recognized as an expense on either a straight-line basis over the lease term.

Right-of-use assets are measured at cost less any accumulated depreciation and if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, if the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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

the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities which are assigned to financing liabilities are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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

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

The impact of application of IND AS 116 on the financial statements of the Company is disclosed in Note 37.

#### **Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

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

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

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

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing where the Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities.

## **2.2: Critical estimates and judgements**

## **SMR Automotive Systems India Limited**

### **Notes to the financial statements**

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

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

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

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable – Note 25
- Estimated useful life of intangible asset – Note 4
- Estimation of defined benefit obligation – Note 14
- Estimation of Provision for warranty claims – Note 13

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.

Note 3 : Property, plant and equipment

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount As at March 31, 2020
	As at April 1, 2019	Additions	Disposals/ Adjustments#	As at March 31, 2020	As at April 1, 2019	Depreciation charge during the year	Disposals/ Adjustments#	As at March 31, 2020	
Freehold land	152.20	-	-	152.20	-	-	-	-	152.20
Leasehold land	65.48	-	65.48	-	2.96	-	2.96	-	-
Buildings	1,021.59	118.33	-	1,139.92	46.79	36.59	-	83.38	1,056.54
Leasehold improvements	33.49	3.52	-	37.01	14.17	11.14	-	25.31	11.70
Plant and machinery	1,034.06	468.86	-	1,502.92	293.20	143.48	-	436.68	1,066.24
Furniture and fittings	40.74	16.08	-	56.82	10.39	9.99	-	20.38	36.44
Motor vehicles	8.61	-	0.76	7.85	3.78	1.63	0.58	4.83	3.02
Office equipment	42.61	10.80	-	53.41	14.32	7.43	-	21.75	31.66
Computer hardware	35.72	30.55	-	66.27	24.23	18.46	-	42.69	23.58
Moulds & dies	103.16	12.09	-	115.25	55.67	18.67	-	74.34	40.89
<b>Total</b>	<b>2,537.66</b>	<b>660.23</b>	<b>66.24</b>	<b>3,131.65</b>	<b>465.51</b>	<b>247.39</b>	<b>3.54</b>	<b>709.36</b>	<b>2,422.27</b>

<b>Capital work-in progress</b>	<b>355.76</b>	<b>499.96</b>	<b>579.81</b>	<b>275.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275.91</b>
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Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount As at March 31, 2019
	As at April 1, 2018	Additions	Disposals/ Adjustments	As at March 31, 2019	As at April 1, 2018	Depreciation charge during the year	Disposals/ Adjustments	As at March 31, 2019	
Freehold land	152.20	-	-	152.20	-	-	-	-	152.20
Leasehold land	65.48	-	-	65.48	2.22	0.74	-	2.96	62.52
Buildings	390.16	631.43	-	1,021.59	29.77	17.02	-	46.79	974.80
Leasehold improvements	14.86	18.64	-	33.49	5.66	8.50	-	14.17	19.32
Plant and machinery	577.42	456.75	0.11	1,034.06	185.04	108.27	0.11	293.20	740.86
Electrical Installation & Equipment	-	-	-	-	-	-	-	-	-
Furniture and fittings	12.74	28.01	-	40.74	5.14	5.25	-	10.39	30.35
Motor vehicles	7.37	1.44	0.20	8.61	1.92	1.91	0.04	3.78	4.83
Office equipment	30.31	12.32	0.02	42.61	8.82	5.52	0.02	14.32	28.29
Computer hardware	25.76	9.95	-	35.72	16.44	7.79	-	24.23	11.49
Moulds & dies	47.11	56.05	-	103.16	37.92	17.74	-	55.67	47.49
<b>Total</b>	<b>1,323.41</b>	<b>1,214.59</b>	<b>0.33</b>	<b>2,537.67</b>	<b>292.93</b>	<b>172.74</b>	<b>0.17</b>	<b>465.50</b>	<b>2,072.14</b>

<b>Capital work-in progress</b>	<b>285.30</b>	<b>1,095.86</b>	<b>1,025.40</b>	<b>355.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355.76</b>
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a) Refer Note 32 for disclosure on contractual commitments for the acquisition of property, plant and equipment.  
 b) During the current year, the company has reassessed the useful life for some class of assets. The impact on depreciation expense (saving) is INR 42.59 million.  
 # Leasehold Land has been reclassified on account of IND AS 116. (Refer note 37)

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**Note 4 : Intangible Asset under development**

	Computer software
<b>Year ended March 31, 2020</b>	
As at April 1, 2019	4.88
Additions	14.67
Disposal/ Adjustment	19.55
<b>Closing gross carrying amount as at March 31, 2020</b>	<b>-</b>
<b>Year ended March 31, 2019</b>	
As at April 1, 2018	-
Additions	4.88
Disposal/ Adjustment	-
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>4.88</b>

**Intangible Asset**

	Computer software
<b>Year ended March 31, 2020</b>	
<b>Gross carrying amount</b>	
As at April 1, 2019	18.50
Additions	46.71
Disposal/ Adjustment	0.00
<b>Closing gross carrying amount</b>	<b>65.21</b>
<b>Accumulated amortisation</b>	
As at April 1, 2019	12.25
Amortisation charge for the year	7.24
Disposal/ Adjustment	-
<b>Closing gross carrying amount</b>	<b>19.49</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>45.72</b>
<b>Year ended March 31, 2019</b>	
<b>Gross carrying amount</b>	
As at April 1, 2018	17.02
Additions	1.48
Disposal	-
<b>Closing gross carrying amount</b>	<b>18.50</b>
<b>Accumulated amortisation</b>	
As at April 1, 2018	9.96
Amortisation charge for the year	2.29
Disposal	-
<b>Closing gross carrying amount</b>	<b>12.25</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>6.25</b>

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**Note 5 : Non Current Investment**

Investment at FVOCI

	As at March 31, 2020	As at March 31, 2019
<b>Unquoted</b>		
Investment in equity instrument (fully paid up) Mytrah Vayu (Manjira) Private Ltd 40,000 equity Shares of face value of Rs. 10 each	-	0.40
<b>Total</b>	<u>-</u>	<u>0.40</u>
Aggregate amount of unquoted investments	<u>-</u>	<u>0.40</u>

**Note 6 : Financial assets**

**6(a) Trade receivables**

	As at March 31, 2020	As at March 31, 2019
Trade receivables	262.49	797.95
Receivables from related parties (refer note 36)	98.86	53.26
Less: Allowance for credit loss	(1.70)	(1.79)
<b>Total</b>	<u>359.65</u>	<u>849.42</u>

**Break-up of Trade Receivables**

Unsecured, considered good	359.66	849.42
Unsecured, considered doubtful	1.70	1.79
<b>Total</b>	<u>361.36</u>	<u>851.21</u>
Less: Allowance for credit loss	(1.70)	(1.79)
<b>Total</b>	<u>359.66</u>	<u>849.42</u>

**Note 1 :** 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 historical provision. Past Provision takes in to 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.

**Note 2 :** The Company has derecognised trade receivables amounting INR 288.55 million (March 31, 2019: INR Nil) as it had transferred the contractual right and substantially transferred all risks and rewards of ownership of these receivables to financial institution.

Refer Note 39 for assets pledged/hypothecated as security

**6(b) Loans**

	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
<b>Unsecured, considered good</b>				
Loan to key managerial personnel*	1.04	4.18	1.01	5.14
Loan to employees	7.44	1.16	2.83	1.68
<b>Total</b>	<u>8.48</u>	<u>5.34</u>	<u>3.84</u>	<u>6.81</u>

\* Loan was given in September 2017 complying with the provisions of the Companies Act 2013. The loan was approved as per Company policy and is repayable within a period of Seven years and carries 4% rate of interest.



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<b>6(c) Cash and cash equivalents</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Balances with banks</b>		
- in current accounts	498.57	3.68
- in EEFC accounts	8.10	37.25
- Deposit with original maturity of less than 3 months*	0.39	0.39
Cash on hand	1.07	1.32
Cheques in Hand	0.24	0.71
<b>Total</b>	<b>508.37</b>	<b>43.35</b>

\* Rs. 0.39 million (March 31, 2019: Rs. 0.39 million) held as lien with Sales tax department

Changes in liabilities arising from financing activities

	<b>March 31,2019</b>	<b>Cash Flow</b>	<b>March 31, 2020</b>
Short term borrowings	369.78	(69.78)	300.00
Total liabilities from financing activities	<b>369.78</b>	<b>(69.78)</b>	<b>300.00</b>

<b>6(d) Other financial assets</b>	<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>(Unsecured, considered good)</b>				
Security deposit to related parties (refer note 36)	21.77	3.99	38.18	4.71
<b>Security deposits others</b>				
Unsecured, considered good	2.50	9.77	0.88	10.25
Unsecured, considered doubtful	-	-	1.61	0.06
Less: allowances for doubtful deposits	-	-	(1.61)	(0.06)
Unbilled revenue	44.74	-	125.84	-
Foreign exchange forward contracts	-	-	0.64	-
Duty credit scrip license in hand	7.70	-	0.17	-
Duty drawback receivable	0.02	-	0.09	-
<b>Total</b>	<b>76.73</b>	<b>13.76</b>	<b>165.80</b>	<b>14.96</b>

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Note 7 : Deferred tax liability (Net)

The balance comprises temporary differences attributable to:	As at March 31, 2020	As at March 31, 2019
Provision for gratuity	20.98	12.38
Provision for compensated absences	14.52	12.48
Allowances for doubtful debts and advances	0.60	1.21
Others	30.46	12.90
<b>Total deferred tax assets</b>	<b>66.56</b>	<b>38.97</b>
Depreciation	142.08	56.82
<b>Total deferred tax liabilities</b>	<b>142.08</b>	<b>56.82</b>
<b>Net deferred tax (liability)/ asset</b>	<b>(75.52)</b>	<b>(17.85)</b>

Movement in deferred tax assets/(liabilities)

	Provision for gratuity	Depreciation	Allowance for doubtful debts and advances	Provision for compensated absences	Other timing differences	Total
As at April 1, 2018	6.51	(25.51)	2.12	10.58	14.06	7.76
(Charged)/credited:						
- to profit or loss	3.88	(31.31)	(0.91)	1.90	(1.16)	(27.61)
- to other comprehensive income	1.99					1.99
<b>As at April 1, 2019</b>	<b>12.38</b>	<b>(56.82)</b>	<b>1.21</b>	<b>12.48</b>	<b>12.90</b>	<b>(17.85)</b>
(Charged)/credited:						
- to profit or loss	2.30	(85.26)	(0.61)	2.04	17.56	(63.97)
- to other comprehensive income	6.30					6.30
<b>As at March 31, 2020</b>	<b>20.98</b>	<b>(142.08)</b>	<b>0.60</b>	<b>14.52</b>	<b>30.46</b>	<b>(75.52)</b>

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<b>Note 8: Other non-current assets</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
(Unsecured, considered good, unless otherwise stated)		
Capital advances	-	18.80
Subsidy receivable*	3.11	8.99
Prepaid Expenses	1.81	4.39
<b>Total</b>	<b>4.92</b>	<b>32.18</b>

\* "Package Scheme of Incentive 2007" in respect of unit at Pune

<b>Note 9: Inventories</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Raw Materials and components (including goods in transit of Rs. 77.21 million (March 31, 2019: Rs. 94.13 million))	403.67	387.84
Work-in-progress	31.50	46.29
Finished Goods (including goods in transit of Rs. 4.25 million (March 31, 2019: Rs. 4.26 million))	73.60	48.38
<b>Total</b>	<b>508.77</b>	<b>482.51</b>

During the year ended March 31, 2020 write down of inventories on account of provision in respect of obsolete/ slow moving items amounted to Rs. 17.41 million ( March 31, 2019 Rs. 6.54 million).

**a) Details of Inventory**

**i) Raw Materials and components**

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Plastic Parts (including Resins)	150.58	86.41
Glass	27.94	37.58
Electrical Items	154.20	211.16
Others*	70.95	52.70
	<b>403.67</b>	<b>387.84</b>

**ii) Work-in-progress**

Plastic Parts	21.41	17.54
Steel & Cable	0.53	0.64
Glass	4.33	5.39
Electrical Items	5.14	19.09
Others*	0.09	3.63
	<b>31.50</b>	<b>46.29</b>

**iii) Finished goods**

Mirrors	55.08	43.13
Plastic Parts	15.72	2.62
Others*	2.80	2.63
	<b>73.60</b>	<b>48.38</b>

\*No single inventory or component account for more than 10% of total inventory  
Refer Note 39 for assets pledged/hypothecated as security

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Note 10: Other current assets	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good, unless otherwise stated)		
Prepaid expenses	7.02	21.19
<b>Advances to suppliers</b>		
Considered good	17.95	47.37
Subsidy receivable*	6.33	15.94
<b>Balances with statutory authorities</b>		
Considered good	161.03	205.93
<b>Total</b>	<b>192.33</b>	<b>290.43</b>

\* "Package Scheme of Incentive 2007" in respect of unit at Pune

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**Note 11: Equity share capital**

<b>11(a) Equity share capital</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Authorised</b>		
20,000,000 equity shares of Rs 10 each	200.00	200.00
<b>Issued:</b>		
13,700,000 equity shares of Rs 10 each	137.00	137.00
<b>Subscribed and fully paid-up</b>		
13,700,000 equity shares of Rs 10 each fully paid up	137.00	137.00

<b>(i) Movements in equity share capital</b>	<b>Number of shares</b>	<b>Number of shares</b>
Opening	13,700,000	13,700,000
Changes	-	-
<b>Closing</b>	<b>13,700,000</b>	<b>13,700,000</b>

**(ii) Terms and rights attached to equity shares**

Equity Shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend if proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

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

<b>(iii) Shares of the company held by holding/ultimate holding company</b>	<b>As at March 31, 2020 No. of shares</b>	<b>As at March 31, 2019 No. of shares</b>
SMR Automotive Technology Holding Cyprus Limited, Cyprus (Intermediate holding company and subsidiary of ultimate holding Company)	6,987,000	6,987,000
Motherson Sumi Systems Limited, India (Ultimate holding company)	6,712,990	6,712,990

<b>(iv) Details of shareholders holding more than 5% of the aggregate shares in the company</b>	<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
SMR Automotive Technology Holding Cyprus Limited, Cyprus (Intermediate holding company and subsidiary of ultimate holding Company)	6,987,000	51%	6,987,000	51%
Motherson Sumi Systems Limited, India (Ultimate holding company)	6,712,990	49%	6,712,990	49%

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 ownership of shares.

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<b>11(b) Reserve and Surplus</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
General reserve	1.78	1.78
Retained earnings	2,567.12	2,425.01
<b>Closing balance</b>	<b>2,568.90</b>	<b>2,426.79</b>

<b>Retained earnings</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Opening balance	2,425.01	2,036.13
Addition during the year	244.02	498.61
Dividend paid pertaining to March 2019	(74.80)	(87.95)
Tax on dividend	(15.38)	(18.08)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation	(18.03)	(5.69)
- Deferred tax (expense)/ credit on remeasurement of post-employment benefits obligations	6.30	1.99
<b>Closing balance</b>	<b>2,567.12</b>	<b>2,425.01</b>

<b>General reserve</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Opening balance	1.78	1.78
Addition during the year	-	-
Utilization during the year	-	-
<b>Closing balance</b>	<b>1.78</b>	<b>1.78</b>

**General reserve**

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

**Note 12: Financial liabilities**

<b>12(a) Current borrowings</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Secured</b>		
Working capital loan repayable on demand from banks	-	369.78
<b>Unsecured</b>		
Loan repayable on demand from Related Party	300.00	-
<b>Total Current borrowings</b>	<b>300.00</b>	<b>369.78</b>
Working capital loan from banks	-	369.78
<b>Total Current borrowings</b>	<b>300.00</b>	<b>369.78</b>

**Notes:-**

1. Working Capital facility secured with pari passu charge on present & future inventory and books debts of the Company.
2. The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 39.
3. Current borrowing from Related Party carries interest rate at 7.5 % p.a.

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Note 12- Financial Liabilities

<b>12(b) Other financial liabilities</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Non-current</b>		
Recovery from employees against leased vehicles	8.15	11.56
Others	0.25	-
<b>Total other non-current financial liabilities</b>	<b>8.40</b>	<b>11.56</b>
<b>Current</b>		
Employee benefits payable	49.53	43.80
Interest accrued but not due on borrowings	-	1.50
Capital creditors - payable to related party (refer note 36)	104.27	34.36
Capital creditors - others	45.87	81.83
Recovery from employees against leased vehicles	14.68	14.27
<b>Total other current financial liabilities</b>	<b>214.35</b>	<b>175.76</b>

<b>12(c) Trade payables</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Current</b>		
Trade payable		
Total outstanding dues of micro, small & medium enterprises ( refer note 30)	31.50	10.28
Total outstanding dues of creditors other than micro, small & medium enterprises:	683.14	641.71
Trade payables to related parties (refer note 36)	285.72	390.49
<b>Total</b>	<b>1,000.36</b>	<b>1,042.48</b>

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Note 13: Provisions	As at March 31, 2020			As at March 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Provision for warranties*	5.94	1.50	7.44	17.71	5.13	22.84
<b>Total</b>	<b>5.94</b>	<b>1.50</b>	<b>7.44</b>	<b>17.71</b>	<b>5.13</b>	<b>22.84</b>

\* Provision for warranty is recognised on expected warranty claims on products sold during the last two to three years, based on the past experience of level of repairs and returns for each customer. The assumptions used in calculating the provision of warranties is based on current sales levels and current information about the return of two to three year warranty period. The table below gives information about movement in warranty provisions:

**Warranty movement**

	March 31, 2020	March 31, 2019
At the beginning of the year	22.84	23.62
Arising during the year	4.05	2.58
Utilised/Reversal during the year	(19.45)	(3.36)
<b>At the end of the year</b>	<b>7.44</b>	<b>22.84</b>

Note 14: Employee benefit obligations	As at March 31, 2020			As at March 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	2.18	39.37	41.55	2.09	33.61	35.70
Gratuity	-	60.05	60.05	-	35.42	35.42
<b>Total employee benefit obligations</b>	<b>2.18</b>	<b>99.42</b>	<b>101.60</b>	<b>2.09</b>	<b>69.03</b>	<b>71.12</b>

**i) Post-employment obligations**

**Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. Gratuity is payable at the time of separation from the company or retirement whichever is earlier. Every employee is entitled to a benefit equivalent to last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC).

The Company's liability is actuary determined (using the Projected Unit Credit method) at the end of each year.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Past service cost are recognised immediately in the statement of profit and loss.

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The amount recognised in the balance sheet and the movements in the net defined benefit obligation are as follows:

(a) Present Value of Defined Benefit Obligation

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Obligation at year beginning</b>	113.77	91.75
Current service cost	12.79	10.79
Interest expense	8.47	6.94
<b>Total amount recognized in (gain)/ loss</b>	<b>21.26</b>	<b>17.73</b>
<b>Remeasurements</b>		
Actuarial (gain)/loss from change in financial assumptions	13.67	-
Experience (gains)/losses	3.75	5.13
<b>Amount recognized in other comprehensive income</b>	<b>17.42</b>	<b>5.13</b>
Payment from Plan:		
Benefit payments	(4.54)	(0.84)
<b>Obligations at year end</b>	<b>147.91</b>	<b>113.77</b>

(b) Fair Value of Plan Assets

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Plan assets at year beginning, at fair value</b>	78.35	72.93
Interest Income	6.11	5.56
<b>Amount recognised in profit or loss</b>	<b>6.11</b>	<b>5.56</b>
Remeasurements		
Return on plan assets, excluding amounts included in interest income	(0.61)	(0.56)
<b>Amount recognised in other comprehensive income</b>	<b>(0.61)</b>	<b>(0.56)</b>
Payment from Plan:		
Benefit Payments	-	-
Contributions:		
Employers	4.01	0.42
<b>Plan Asset at year end, at fair value</b>	<b>87.86</b>	<b>78.35</b>

(c) Assets and Liabilities recognised in the Balance Sheet

	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of the defined benefit obligations	147.91	113.77
Fair value of plan assets	(87.86)	(78.35)
<b>Amount Recognised as Liability</b>	<b>60.05</b>	<b>35.42</b>

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(d) Sensitivity analysis

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

	Changes in assumption		Impact on defined benefit obligation			
	March 31, 2020	March 31, 2019	Increase in assumption		Decrease in assumption	
			March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	(7.83)	(5.98)	8.46	6.46
Salary growth rate	0.50%	0.50%	8.50	6.55	(7.94)	(6.12)

The above sensitivity analysis are based on a change in an assumption while holding all other assumption constant. In practice, this is unlikely to occur, and changes 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 reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis are mentioned below in point number i

(e) The detail of investments of plan assets are as follows:

	March 31, 2020	March 31, 2019
LIC Fund	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

f) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below;

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, 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:

(i) **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.

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

(iii) **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.

(g) Defined benefit liability and employer contributions

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>March 31, 2020</b>					
Defined benefit obligation:	4.78	5.41	22.04	116.70	148.93
<b>Total</b>	<b>4.78</b>	<b>5.41</b>	<b>22.04</b>	<b>116.70</b>	<b>148.93</b>
<b>March 31, 2019</b>					
Defined benefit obligation:	4.22	4.60	17.08	93.64	119.54
<b>Total</b>	<b>4.22</b>	<b>4.60</b>	<b>17.08</b>	<b>93.64</b>	<b>119.54</b>

(h) Defined benefit obligations cost for the year

	March 31, 2020	March 31, 2019
Service Cost	12.79	10.79
Net interest on net benefit liability /(asset)	2.37	1.38
Actuarial (gains)/ losses recognised in OCI	18.03	5.69
<b>Total liability</b>	<b>33.19</b>	<b>17.86</b>

(i) Actuarial assumptions

	March 31, 2020	March 31, 2019
Discount rate per annum	6.70%	7.60%
Future salary increase	8.00%	8.00%

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

(j) Amount recognised in current year and previous four years:

	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined benefit obligations (DBO)	147.91	113.77	91.76	79.71	57.23
Fair value of plan assets (FVA)	(87.86)	(78.35)	(72.94)	(67.78)	(53.75)
<b>Deficit/(surplus)</b>	<b>60.05</b>	<b>35.42</b>	<b>18.82</b>	<b>11.93</b>	<b>3.48</b>

(k) expected contribution to the fund in next year

	March 31, 2020	March 31, 2019
Gratuity	60.05	35.42

(ii) Defined contribution plans

The company deposit an amount determined at a fixed percentage of basic pay every month to the state administered Provident Fund, National Pension Scheme, Employee State Insurance (ESI) and Social Insurance for the benefit of employees.

The expense recognised during the period towards defined contribution plan is Rs. 41.23 million (March 31, 2019 – Rs. 35.58 million)

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<b>Note 15: Government grants*</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Opening balance	15.49	19.69
Less: Released to profit or loss	(3.55)	(4.20)
<b>Closing balance</b>	<b>11.94</b>	<b>15.49</b>
Current portion	0.48	3.55
Non-current portion	11.46	11.94
	<b>11.94</b>	<b>15.49</b>

\* "Package Scheme of Incentive 2007" in respect of unit at Pune

<b>Note 16: Other current liabilities</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Unearned revenue	23.86	23.86
Statutory dues (including provident fund and tax deducted at source)	20.59	21.33
Advances received from customers	65.86	35.62
<b>Total</b>	<b>110.31</b>	<b>80.81</b>

<b>Note 17: Non-current tax assets (Net)</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Advance Income Tax	53.49	42.75
<b>Total</b>	<b>53.49</b>	<b>42.75</b>

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<b>Note 18: Revenue from Contract with Customers</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Sale of products		
Domestic sale		
Finished goods	4,984.38	5,781.90
Tooling sales	67.02	259.78
Exports		
Finished goods	77.90	71.62
Sale of services	299.65	268.34
Other operating revenue		
Export Incentives	9.54	15.94
Scrap sales	6.18	5.80
<b>Total</b>	<b>5,444.67</b>	<b>6,403.38</b>

<b>Note 19: Other income</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Interest income		
- on bank deposits	0.67	7.38
- other	0.36	0.52
Excess provisions / liabilities written back	17.16	-
Group support charges	1.54	1.35
Profit on sale of Property plant & equipments	0.16	0.01
Government grants (Refer Note 15)	3.55	4.20
Miscellaneous income	12.83	9.56
<b>Total</b>	<b>36.27</b>	<b>23.02</b>

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<b>Note 20(a): Cost of raw material and components consumed</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Raw materials at the beginning of the year	387.84	312.36
Add: Purchases (net)	3,118.34	3,829.68
	<u>3,506.18</u>	<u>4,142.04</u>
Less: Raw material at the end of the year	403.67	387.84
<b>Total</b>	<b><u>3,102.51</u></b>	<b><u>3,754.20</u></b>

Purchase of traded goods	45.87	208.03
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<b>Note 20(b): (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
<b>Opening stock</b>		
Work-in progress	46.29	21.21
Finished goods	48.38	47.14
<b>Total</b>	<b><u>94.67</u></b>	<b><u>68.35</u></b>

<b>Closing stock</b>		
Work-in progress	31.50	46.29
Finished goods	73.60	48.38
<b>Total</b>	<b><u>105.10</u></b>	<b><u>94.67</u></b>
Total (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	<b><u>(10.43)</u></b>	<b><u>(26.32)</u></b>

<b>Note 21: Employee benefit expense</b>	<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2019</b>
Salaries, wages and bonus	625.09	571.66
Contribution to provident and other fund	41.23	35.58
Gratuity (refer note 14)	15.15	11.46
Compensated Absences (refer note 14)	7.37	6.07
Staff welfare expenses	33.31	38.93
<b>Total</b>	<b><u>722.15</u></b>	<b><u>663.70</u></b>

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<b>Note 22: Depreciation and amortisation expense</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Depreciation & amortisation of property, plant and equipment	247.39	172.74
Derecognition on right of use assets	12.42	-
Amortisation of intangible assets	7.24	2.29
<b>Total</b>	<b>267.05</b>	<b>175.03</b>

<b>Note 23: Other expenses</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Consumption of stores and spares	40.14	52.70
Electricity, water and fuel	109.65	87.45
Lease rent (Refer Note 32(b))	64.76	84.15
Repairs and Maintenance		
- Plant and machinery	47.97	45.53
- Building	16.46	18.62
- Others	97.54	137.45
Freight and clearing charges	52.73	52.92
Travelling	72.28	77.80
Communication costs	2.77	3.75
Printing and stationery	2.59	3.05
Insurance	23.29	11.72
Training and recruitment expenses	1.42	1.35
Security charges	19.17	18.73
Legal and professional fees	93.77	102.35
Group charges	156.32	134.60
Payment to Auditors		
- Audit Fee	2.59	2.59
- Other audit related services	-	-
- Other services	0.70	0.38
- Out of pocket expenses	0.30	0.30
Advertisement and sales promotion expenses	0.73	0.47
Warranty	4.05	2.58
Provision on doubtful debts	0.46	1.17
Testing expenses	12.42	9.08
Office expenses	24.85	24.36
Donations#	35.61	5.12
Corporate social responsibility expenditure [refer note 23(a)]	10.12	9.12
Exchange fluctuation (net)	22.05	4.27
Rates and taxes	1.38	0.82
Miscellaneous Expenses	4.44	6.79
<b>Total</b>	<b>920.56</b>	<b>899.22</b>

<b>Note 23(a): Corporate social responsibility expenditure*</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Contribution to Swam Lata Motherson Trust	10.12	9.12
<b>Total</b>	<b>10.12</b>	<b>9.12</b>
Amount required to be spent as per Section 135 of the Act	15.57	13.59
Amount spent during the year	10.12	9.12

\*As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company.

# The company has purchased electoral bond of INR 30 million as per electoral bond scheme 2018.

<b>Note 24: Finance costs</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Interest and finance charges on Borrowings	34.47	14.87
Interest on lease liabilities	4.79	-
Other charges	2.96	0.34
<b>Total</b>	<b>42.22</b>	<b>15.21</b>

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<b>Note 25: Income tax expense</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
(a) Income tax expense		
Current tax		
Current tax on profits for the year	73.19	232.55
Adjustments for current tax of prior periods	9.85	(21.44)
<b>Total current tax expense</b>	<b>83.04</b>	<b>211.11</b>
(b) Deferred tax		
Decrease/ (increase) in deferred tax assets		
(Decrease)/ increase in deferred tax liabilities	57.65	25.62
<b>Total deferred tax expense/(credit)</b>	<b>57.65</b>	<b>25.62</b>
Deferred tax expense/ (credit) recognised in Statement of Profit and loss	63.95	27.61
Deferred tax expense/ (credit) recognised in Other comprehensive income	(6.30)	(1.99)
<b>Total</b>	<b>57.65</b>	<b>25.62</b>

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Profit before income tax expenses	391.01	737.33
<b>Tax at the Indian tax rate of 34.944%</b>	<b>136.64</b>	<b>257.65</b>
Tax effected of amounts which are not deductible (taxable) in calculating taxable income:		
Weighted deduction on research and development expenditure	(4.97)	(3.67)
Amortization of government grant	(1.24)	(1.47)
Donation	1.96	1.79
Corporate Social Responsibility	3.54	3.19
Adjustment for current tax of prior periods	9.85	(21.44)
Other items	1.17	2.68
<b>Income tax expenses</b>	<b>146.95</b>	<b>238.73</b>

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**Note 26 (a) : Fair value measurements**

Financial instrument by category	March 31, 2020			March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments	-	-	-	-	0.40	-
Trade receivables	-	-	359.65	-	-	849.42
Cash and cash equivalents	-	-	508.37	-	-	43.35
Loans	-	-	13.82	-	-	10.65
Other financial assets	-	-	90.49	-	-	180.76
<b>Total</b>	<b>-</b>	<b>-</b>	<b>972.33</b>	<b>-</b>	<b>0.40</b>	<b>1,084.18</b>
<b>Financial liabilities</b>						
Borrowings	-	-	300.00	-	-	369.78
Trade payables	-	-	1,000.36	-	-	1,042.48
Other financial liabilities	-	-	222.75	-	-	187.32
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,523.11</b>	<b>-</b>	<b>-</b>	<b>1,599.58</b>

The carrying amounts of Investment, trade receivables and other receivables, cash and cash equivalents, trade payables and capital creditors are considered to be the same as their fair values, due to their short term nature.

The carrying amounts of loans given, Recovery from employees against leased vehicles are considered to be the same as their fair values as the fair value are not materially different to their carrying amounts.

**Note 26 (b) : Fair value hierarchy**

Financial assets and liabilities measured at fair value - recurring fair value measurements as below

	March 31, 2020			March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial asset</b>						
<b>Financial Investments at FVOCI</b>						
Unquoted equity investments	-	-	-	-	-	0.04
<b>Derivative financial assets</b>						
other financial assets	-	-	-	-	-	0.64
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.68</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	300.00	-	-	369.78
Lease liabilities	-	-	56.18	-	-	-
Other Financial Liabilities	-	-	222.75	-	-	187.32
<b>Total</b>	<b>-</b>	<b>-</b>	<b>578.93</b>	<b>-</b>	<b>-</b>	<b>557.10</b>

**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.



**Note 27: Financial risk management**

The Company in its capacity as an active supplier for the automobile industry is exposed to various risks. 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 risks in which the Company is exposed to and how it manages the risks:

The risks listed below are not so material that they would result in extraordinary concentrations of risk:

**(A) 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. The maximum amount of the credit exposure is equal to the carrying amounts of these 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. The Company has deposited liquid funds at various banking institutions. Primary banking institutions are major Indian and foreign banks. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognised commercial banks and are not past due.

**(B) 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 entity had access to the following undrawn borrowing facilities at the end of the reporting period:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Floating rate</b>		
Expiring within one year (bank overdraft and other facilities)	850.00	380.22
<b>Total</b>	<b>850.00</b>	<b>380.22</b>

**(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-derivatives financial liabilities, and
- derivatives financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due more than 12 months equal their carrying balances as the impact of discounting is not significant.

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<b>Contractual maturities of financial liabilities March 31, 2020</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Non-derivatives</b>				
Borrowings	300.00	-	-	300.00
Trade payables	1,000.36	-	-	1,000.36
Lease liabilities	13.31	32.39	10.48	56.18
Other financial liabilities	214.35	8.40	-	222.75
<b>Total</b>	<b>1,528.02</b>	<b>40.79</b>	<b>10.48</b>	<b>1,579.29</b>

<b>Contractual maturities of financial liabilities March 31, 2019</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Non-derivatives</b>				
Borrowings	369.78	-	-	369.78
Lease liabilities	-	-	-	-
Trade payables	1,042.48	-	-	1,042.48
Other financial liabilities	175.76	11.56	-	187.32
<b>Total</b>	<b>1,588.02</b>	<b>11.56</b>	<b>-</b>	<b>1,599.58</b>

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**(C) Market risk**

Market risk is the risk that the fair value of future cash flows 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.

**(i) Foreign currency risk exposure:**

The exchange variations in India has mainly impacted the imports but however the Company has arrangements with its customers for passing on the exchange impact on import purchase.

The company also does hedging to hedge its risks associated with foreign currency.

(a) Particulars of unhedged foreign currency exposure as at the reporting date

	March 31, 2020					March 31, 2019				
	USD	EUR	AUD	JPY	CNY	USD	EUR	AUD	JPY	CNY
<b>Financial assets</b>										
Trade and other receivables	11.89	103.00	-	-	-	20.77	42.21	-	-	-
Bank balance in EEFC accounts	7.12	0.98	-	-	-	6.03	31.22	-	-	-
<b>Net exposure to foreign currency risk - assets</b>	<b>19.01</b>	<b>103.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26.80</b>	<b>73.43</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>										
Trade and other payables	230.33	177.20	1.64	3.61	11.80	281.73	105.49	8.97	34.93	1.90
<b>Derivative liabilities</b>										
Foreign exchange forward contracts buy foreign currency	-	-	-	-	-	(192.50)	(66.54)	-	(30.69)	-
<b>Net exposure to foreign currency risk- liabilities</b>	<b>230.33</b>	<b>177.20</b>	<b>1.64</b>	<b>3.61</b>	<b>11.80</b>	<b>89.23</b>	<b>38.95</b>	<b>8.97</b>	<b>4.24</b>	<b>1.90</b>

**(b) Sensitivity**

10% increase/ decrease in foreign exchange rates will have the following impact on profit before tax.

	Impact on profit before tax	
	March 31, 2020	March 31, 2019
<b>USD sensitivity</b>		
INR/USD -Increase by 10%	(21.13)	(6.24)
INR/USD -Decrease by 10%	21.13	6.24
<b>EUR sensitivity</b>		
INR/EUR -Increase by 10%	(7.32)	3.45
INR/EUR -Decrease by 10%	7.32	(3.45)
<b>AUD sensitivity</b>		
INR/AUD -Increase by 10%	(0.16)	(0.90)
INR/AUD -Decrease by 10%	0.16	0.90
<b>YEN sensitivity</b>		
INR/YEN -Increase by 10%	(0.36)	(0.42)
INR/YEN -Decrease by 10%	0.36	0.42
<b>CNY sensitivity</b>		
INR/YEN -Increase by 10%	(1.18)	(0.19)
INR/YEN -Decrease by 10%	1.18	0.19

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from short term borrowing with variable rates which exposes the company to cash flow interest rate risk as on March 31, 2020 INR NIL (March 31, 2019 INR 369.78 Million).

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**(a) Interest rate risk exposure**

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Variable rate borrowings	-	369.78
<b>Total borrowings</b>	-	<b>369.78</b>

**(b) 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

	<b>Impact on profit before tax</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Interest rate increase by 50 basis points*	-	(1.85)
Interest rate decrease by 50 basis points*	-	1.85

\*Holding all other variables constant

**Note 28: Capital management**

**(a) Risk management**

The Company's objectives when managing capital are 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(b) Company's majority shareholding to remain with Motherson Sumi group at all times.

**(c) Dividends**

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Amount of Dividend paid during the year	74.80	87.95
Dividend per equity share	5.46	6.42

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**Note 29: Segmental Information**

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 on the basis of operating segment i.e. manufacture and sale of rear vision systems and related products for automobiles and providing business support services to group entities. The business support services segment result is below the threshold required to qualify as a reportable segment and hence not been disclosed.

The geographical segments considered for disclosure are based on the revenue in India and revenue from exports. The following is the distribution of the Company's sale by geographical market:

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	India	Outside India	India	Outside India
Sale of goods	5,057.58	77.90	6,047.49	71.62
Sale of services	62.14	237.51	27.20	241.15
	<b>5,119.72</b>	<b>315.41</b>	<b>6,074.69</b>	<b>312.77</b>

Revenue from transactions with a single external customer amounting to 10 percent or more of the company's revenue is as follows:

	As at	
	March 31, 2020	March 31, 2019
Customer 1	1,614.72	2,049.51
Customer 2	1,489.67	1,495.78
Customer 3	756.88	1,033.55
Customer 4	505.40	705.00
	<b>4,366.67</b>	<b>5,282.74</b>

The following is the carrying amount of segment assets as at March 31, 2018 by geographical area in which the assets are located:

	As at	
	March 31, 2020	March 31, 2019
India	4,406.21	4,216.45
Outside India	185.79	155.02
	<b>4,592.00</b>	<b>4,371.47</b>

**Note 30: Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006:**

The Company has identified the Micro and Small enterprises based on the confirmations received from its vendors. 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 are as follows:

	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	31.50	10.28
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.03	0.92
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	88.64	81.21
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	0.11	0.25
Further interest remaining due and payable for earlier years	0.92	0.67

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**Note 31: Contingent liabilities**

S.No	Particulars	As at	As at
		March 31, 2020	March 31, 2019
(i)	Income tax matters	54.97	54.97
(ii)	Customs duty matters	2.84	2.84
(iii)	Service tax matters	-	0.68
(iv)	Sales Tax Matters	-	4.87

- a) 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.
- b) The Company has assessed that it is possible but not probable that outflow of economic resources will be required.
- c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

**Note 32: Commitments**

**(a) Capital commitments**

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

	Year ended	Year ended
	March, 31 2020	March, 31 2019
Property, plant and equipment		
Estimated Value of Contracts in Capital Account remaining to be executed, net of advances of Rs. Nil (March 31, 2019 Rs. 18.80 Million)	38.68	210.99
<b>Total</b>	<b>38.68</b>	<b>210.99</b>

**Note 33: The following expense incurred on Research and Development is included under respective heads:**

	Year ended	Year ended
	March, 31 2020	March, 31 2019
Employee benefit expenses	21.06	16.29
Other expenses of research & development activities	7.67	7.95
Capital Expenditure	0.66	1.97
<b>Total</b>	<b>29.39</b>	<b>26.21</b>

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**Note 34: Events occurring after the reporting period**

**(a) Dividend not recognised at the end of the reporting period**

The directors do not recommend the payment of final dividend for the year ended March 31, 2020 (March 31, 2019-Rs. 5.46).

<b>Note 35: Earnings Per Share (EPS)</b>	<b>Year ended 31-Mar-20</b>	<b>Year ended 31-Mar-19</b>
<b>Profit after tax</b>	<b>244.02</b>	<b>498.61</b>
Weighted average number of equity shares in calculating basic and diluted EPS	13,700,000	13,700,000
Earnings per share		
Basic / Diluted	17.81	36.40
Note: There are no potentially dilutive securities		

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**Notes to the financial statements**

**Note 36. Related Party Disclosures**

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

**a. Entities with control over the entity**

Ultimate Holding Company : Motherson Sumi Systems Limited (MSSL)  
Holding Company : SMR Automotive Technology Holding Cyprus Ltd.

**Relationship where control exists**

**b. Fellow Subsidiaries of the Company**

- 1 MSSL Mauritius Holdings Limited
- 2 Motherson Electrical Wires Lanka Pvt. Ltd.
- 3 MSSL Mideast (FZE)
- 4 MSSL (S) Pte Ltd.
- 5 Motherson Innovations Tech Limited  
(formerly MSSL Automobile Component Ltd.)
- 6 Motherson Polymers Compounding Solutions Ltd.
- 7 Samvardhana Motherson Polymers Ltd.
- 8 MSSL (GB) Limited
- 9 Motherson Wiring System (FZE)
- 10 MSSL GmbH
- 11 MSSL Tooling (FZE)
- 12 Samvardhana Motherson Invest Deutschland GmbH
- 13 MSSL Advanced Polymers s.r.o
- 14 Motherson Techno Precision GmbH  
(formerly Motherson Orca Precision Technology GmbH)
- 15 MSSL s.r.l Unipersonale
- 16 Motherson Techno Precision México, S.A. de C.V
- 17 MSSL Australia Pty Ltd
- 18 MSSL Ireland Pvt. Ltd.
- 19 Global Environment Management (FZE)
- 20 Motherson Elastomers Pty Limited
- 21 Motherson Investments Pty Limited
- 22 MSSL Global RSA Module Engineering Limited
- 23 MSSL Japan Limited
- 24 Vacuform 2000 (Proprietary) Limited.
- 25 MSSL México, S.A. De C.V.
- 26 MSSL WH System (Thailand) Co., Ltd
- 27 MSSL Korea WH Limited
- 28 MSSL Consolidated Inc.
- 29 MSSL Wiring System Inc., USA
- 30 Alphabet de Mexico, S.A. de C.V.
- 31 Alphabet de Mexico de Monclova, S.A. de C.V.
- 32 Alphabet de Saltillo, S.A. de C.V.
- 33 MSSL Wirings Juarez S.A. de C.V.
- 34 MSSL Manufacturing Hungary Kft
- 35 Motherson Air Travel Pvt. Ltd.
- 36 MSSL Estonia WH OÜ
- 37 Samvardhana Motherson Global Holdings Ltd.
- 38 Samvardhana Motherson Automotive Systems Group B.V.
- 39 Samvardhana Motherson Reflectec Group Holdings Limited
- 40 SMR Automotive Technology Holding Cyprus Ltd.
- 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.aR.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 Co. Limited
- 52 SMR Automotive Yancheng Co. Limited
- 53 SMR Automotive Mirror Systems Holding Deutschland GmbH
- 54 SMR Holding Australia Pty Limited



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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 Grundbesitz GmbH & Co. KG
64	SMR Automotive Brasil LTDA
65	SMR Automotive System (Thailand) Limited
66	SMR Automotives Systems Macedonia Doel Skopje
67	SMR Automotive Operations Japan K.K.
68	SMR Automotive (Langfang) Co. Ltd.
69	SMR Automotive Vision System Operations USA INC
70	SMR Mirror UK Limited
71	Samvardhana Motherson Peguform GmbH
72	SMP Automotive Interiors (Beijing) Co. Ltd
73	SMP Deutschland GmbH
74	SMP Logistik Service GmbH
75	SMP Automotive Solutions Slovakia s.r.o
76	Changchun Peguform Automotive Plastics Technology Co. Ltd
77	Foshan Peguform Automotive Plastics Technology Co. Ltd.
78	SMP Automotive Technology Management Services (Changchun) Co. Ltd.
79	SMP Automotive Technology Iberica S.L
80	Samvardhana Motherson Peguform Barcelona S.L.U
81	SMP Automotive Technologies Teruel Sociedad Limitada
82	Samvardhana Motherson Peguform Automotive Technology Portugal S.A
83	SMP Automotive Systems Mexico S.A. de C.V
84	SMP Automotive Produtos Automotivos do Brasil Ltda.
85	SMP Automotive Exterior GmbH
86	Samvardhana Motherson Innovative Autosystems B.V. & Co. KG
87	Samvardhana Motherson Innovative Autosystems Holding Company BV
88	SM Real Estate GmbH
89	Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V
90	SMP Automotive Systems Alabama Inc.
91	Motherson Innovations Company Limited, U.K.
92	Motherson Innovations Deutschland GmbH
93	Samvardhana Motherson Global (FZE)
94	SMR Automotive Industries RUS Limited Liability Company
95	Celulosa Fabril (Cefa) S.A.
96	Modulos Ribera Alta S.L.
97	Motherson Innovations Lights GmbH & Co KG
98	Motherson Innovations Lights Verwaltungs GmbH
99	PKC Group Oy
100	PKC Wiring Systems Oy
101	PKC Group Poland Sp. z o.o.
102	PKC Wiring Systems Llc
103	PKC Group APAC Limited
104	PKC Group Canada Inc.
105	PKC Group USA Inc.
106	PKC Group Mexico S.A. de C.V.
107	Project del Holding S.a.r.l.
108	PK Cables do Brasil Ltda
109	PKC Eesti AS
110	TKV-sarjat Oy
111	PKC SEGU Systemelektrik GmbH
112	Groclin Luxembourg S.à r.l.
113	PKC Vehicle Technology (Suzhou) Co., Ltd.
114	AEES Inc.
115	PKC Group Lithuania UAB
116	PKC Group Poland Holding Sp. z o.o.
117	OOO AEK
118	Kabel-Technik-Polska Sp. z o.o.
119	AEES Power Systems Limited partnership
120	T.I.C.S. Corporation
121	Fortitude Industries Inc.
122	AEES Manufactuera, S. De R.L de C.V.

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**Notes to the financial statements**

- 123 Cableodos del Norte II, S. de R.L de C.V.
- 124 Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V.
- 125 Arneses y Accesorios de México, S. de R.L de C.V.
- 126 Asesoría Mexicana Empresarial, S. de R.L de C.V.
- 127 Arneses de Ciudad Juarez, S. de R.L de C.V.
- 128 PKC Group de Piedras Negras, S. de R.L. de C.V.
- 129 PKC Group AEES Commercial S. de R.L de C.V
- 130 Jiangsu Huakai-PKC Wire Harness Co., Ltd.
- 131 PKC Vehicle Technology (Hefei) Co, Ltd.
- 132 Shanjdong Huakai-PKC Wireharness Co. Ltd.
- 133 Shenyang SMP Automotive Plastic Component Co. Ltd.
- 134 Tianjin SMP Automotive Component Company Limited
- 135 SMRC Automotive Holdings B.V.  
(formerly Reydel Automotive Holdings B.V.)
- 136 SMRC Automotive Holdings Netherlands B.V.  
(formerly Reydel Automotive B.V.)
- 137 SMRC Automotive Interiors Management B.V.  
(formerly Reydel Automotive Management B.V.)
- 138 SMRC Automotives Techno Minority Holdings B.V.  
(formerly Reydel Automotive Minority Holdings B.V.)
- 139 SMRC Smart Automotive Interior Technologies USA, LLC  
(formerly Reydel Automotive USA, LLC)
- 140 SMRC Automotive Modules France SAS  
(formerly Reydel Automotive France SAS)
- 141 Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U.  
(formerly Reydel Automotive Holding Spain , S.L.U)
- 142 SMRC Automotive Interiors Spain S.L.U.  
(formerly Reydel Automotive Spain, S.L.U)
- 143 SMRC Automotive Interior Modules Croatia d.o.o  
(formerly Reydel Automotive Croatia d.o.o.)
- 144 Samvardhana Motherson Reydel Autotecc Morocco SAS  
(formerly Reydel Automotive Morocco SAS)
- 145 SMRC Automotive Technology RU LLC  
(formerly Reydel Automotive Rus LLC)
- 146 SMRC Smart Interior Systems Germany GmbH  
(formerly Reydel Automotive Germany GmbH)
  
- 147 SMRC Automotive Interiors Products Poland SA  
(formerly Reydel Automotive poland SA) (dormant)
- 148 SMRC Automotive Solutions Slovakia s.r.o.  
(formerly Reydel Automotive Slovakia s.r.o.)
- 149 SMRC Automotive Holding South America B.V.  
(formerly Reydel Automotive South America B.V.)
- 150 SMRC Automotive Modules South America Minority Holdings B.V.  
(formerly Reydel Automotive South America Minority Holdings B.V.)
- 151 SMRC Automotive Tech Argentina S.A.  
(formerly Reydel Automotive Argentina SA)
- 152 SMRC Fabricação e Comércio de Produtos Automotivos do Brasil Ltda  
(formerly Reydel Automotive Brazil)
- 153 SMRC Automotive Products India Private Limited  
(formerly Reydel Automotive India Pvt. Ltd.)
- 154 SMRC Automotive Smart Interior Tech (Thailand) Ltd.  
(formerly Reydel Automotive Thailand Ltd.)
- 155 SMRC Automotive Interiors Japan Ltd.  
(formerly Reydel Automotive Japan Ltd.)
- 156 Shanghai SMRC Automotive Interiors Tech Consulting Co. Ltd.  
(formerly Shanghai Reydel Automotive Technology Consulting Co. Ltd.)
- 157 PT SMRC Automotive Technology Indonesia  
(formerly PT Reydel Automotive Indonesia)
- 158 Yujin SMRC Automotive Techno Corp.  
(formerly Yujin- Reydel Corp.)
- 159 SMRC Automotives Technology Phil Inc.  
(formerly Reydel Automotive Phils Inc.)
- 160 MSSL M Tooling Ltd
- 161 Motherson Innovations LLC, USA
- 162 Motherson Ossia Innovations LLC, USA
- 163 Samvardhana Motherson Corp Management Shanghai Co Ltd.
- 164 Motherson Rolling Stock Systems GB Ltd.
- 165 Motherson PKC Harness Systems FZ-LLC (incorporated on July 7, 2019)

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**Notes to the financial statements**

- 166 Wisetime Oy  
(become the subsidiary w.e.f March 6, 2020)
- 167 Re-time Pty Limited  
(Stake of SMR Australia is 71.40%)
- c. Other Related Parties having common control**
- 1 Systematic Conscom Limited
- 2 Samvardhana Motherson International Limited
- 3 MSSL GmbH
- 4 Motherson Auto Ltd.
- 5 Motherson Lease Solution Limited
- 6 Motherson Sumi Infotech and Designs Limited
- 7 Saks Ancillaries Limited
- 8 Motherson Air Travel Agency GmbH
- 9 Anest Iwata Motherson Limited
- 10 Anest Iwata Motherson Coating Equipment Limited
- 11 Motherson Consultancies Service Limited
- 12 Spirited Auto Cars (I) Limited
- 13 Samvardhana Motherson Auto Component Pvt. Ltd.
- 14 Matsui Technologies India Limited
- 15 Kyungshin Industrial Motherson Limited
- 16 Swarnlata Motherson Trust
- 17 Ningbo Huaxiang Electronic Co., Ltd.
- 18 Samvardhana Motherson Automotive Systems Group BV
- 19 Motherson Air Travel Agencies Limited
- 20 Samvardhana Motherson Adsys Tech Limited
- 21 SMP Automotive Systems Inc. (USA)
- 22 MSSL Australia Pty. Ltd.
- 23 Samvardhana Motherson Peguform GmbH
- 24 MothersonSumi Infotekk And Designs GmbH
- 25 Motherson Invenzen XLab Pvt. Ltd.
- 26 Motherson Moulds and Diecasting Ltd.
- 27 SMRC Automotive Products India Private Ltd.
- d. Key Managerial Personnel**
- 1 Mr. Ashutosh Kumar Singh
- 2 Mr. Rajat Jain
- 3 Mr. Rajan Batra
- 4 Mr. Gautam Mukherjee
- 5 Ms. Madhu Bhaskar
- 6 Mr. Selvakumar Velusamy
- 7 Ms. Sakshi Mehta

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Notes to the financial statements

(All amounts in Rs. Million, unless otherwise stated)

C) Details of transactions balances with related parties:

Nature of Transaction	Ultimate Holding Company & Holding Company		Fellow Subsidiary		Key Managerial Personnel		Other related parties		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Trade payables and other payables*	75.26	107.32	258.94	256.42	-	-	55.79	61.11	389.99	424.85
Trade receivables & other receivables	-	5.10	98.52	44.90	-	-	0.34	3.28	98.86	53.28
Loans and advances	-	-	-	-	5.23	6.15	-	-	5.23	6.15
Capital advances	-	-	-	-	-	-	-	17.96	-	17.96
Security deposit	-	-	-	-	-	-	25.76	42.89	25.76	42.89

\* other payable includes payable to capital creditors

(All amounts in Rs. Million, unless otherwise stated)

11. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in 36 above:

A) Key management personnel compensation

	31-Mar-20	31-Mar-19
Short-term employee benefits	28.66	22.24
Post-employment benefits	3.80	1.48
Long-term employee benefits	1.78	0.55
Termination benefits	-	-
Directors sitting fees	0.48	0.21
<b>Total compensation</b>	<b>34.72</b>	<b>24.48</b>

B) Details of transactions, in the ordinary course of business at commercial terms, with related parties:

Nature of Transaction	Ultimate Holding Company & Holding Company		Fellow Subsidiary		Key Managerial Personnel		Other related parties		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sale of products	-	-	28.20	37.94	-	-	-	-	28.20	37.94
Sales of services	-	0.09	236.89	238.32	-	-	1.30	5.19	236.19	243.60
Group Support Charges - Income	-	-	0.18	1.34	-	-	1.79	0.96	1.97	2.30
Group Charges paid	-	-	156.18	126.17	-	-	-	-	156.18	126.17
Purchase of services	1.03	2.49	16.20	30.71	-	-	154.61	131.96	171.84	165.16
Lease Rent expenses	-	-	-	-	-	-	62.22	93.54	62.22	93.54
Payment of lease liability	-	-	-	-	-	-	10.53	-	10.53	-
Purchase of goods and fixed assets	388.72	689.95	836.30	908.11	-	-	180.90	707.81	1,405.92	2,305.87
Reimbursement of expenses - paid	-	0.05	0.11	8.43	-	-	1.88	12.26	1.98	20.74
Reimbursement of expenses - received	-	0.15	-	-	-	-	0.97	0.08	0.97	0.22
Loans given during the year to KMP	-	-	-	-	-	-	-	-	-	-
Loan Repayment	-	-	-	-	-	-	0.38	0.80	0.38	0.80
Interest Repayment	-	-	-	-	-	-	0.21	0.22	0.21	0.22
Security deposit given	-	-	-	-	-	-	25.76	2.59	25.76	2.59
Security deposit received	-	-	-	-	-	-	17.13	0.59	17.13	0.59
Dividend Paid	90.18	87.95	-	-	-	-	-	-	90.18	87.95

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**Note 37: Leases**

The new standard requires lessee to recognize all leases on the balance sheet on day 1, in the form of a right-of-use asset (ROU) and a corresponding lease liability i.e. the present value of unpaid lease payments. Such right-to-use assets are subsequently depreciated and the lease liability reduced when paid, with the interest on the lease liability being recognized as finance costs. Management has followed Modified retrospective approach option wherein ROU equals to lease liability at date of transition. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at April 1, 2019 is, as follows:

	<b>April 1, 2019</b>
<b>Assets</b>	
Right-of-use assets	51.22
Property Plant and Equipment reclassified	62.52
<b>Total assets</b>	<b>113.74</b>
<b>Liabilities</b>	
Lease liabilities	51.22
<b>Total liabilities</b>	<b>51.22</b>

**Leases previously accounted for as operating leases**

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

**Company as a lessee**

The Company has lease contracts for factory buildings & offices, vehicles and other equipment used in its operations. The lease terms range between 1 and 90 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases with lease terms of 12 months or less and leases of assets with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the year:

<b>Right of use assets</b>	Land	Building	Plant & Machinery	Vehicles	<b>March 31, 2020</b>
As at date of application (April 1, 2019)	62.52	21.10	0.73	29.39	113.74
Additions during the year	-	5.98	-	8.96	14.94
Gross value as at March 31, 2020	62.52	27.08	0.73	38.35	128.68
Amortisation recognised during the year	0.74	2.71	0.08	8.89	12.42
<b>Net value as at March 31, 2020</b>	<b>61.78</b>	<b>24.37</b>	<b>0.65</b>	<b>29.46</b>	<b>116.26</b>
<b>Lease liabilities</b>					<b>March 31, 2020</b>
As at date of application (April 1, 2019)	-	21.10	0.73	29.39	51.22
Additions during the year	-	6.01	-	9.00	15.01
Finance cost	-	1.90	0.07	2.83	4.80
Gross value as at March 31, 2020	-	29.01	0.80	41.22	71.03
Payments made during the year	-	4.20	0.12	10.53	14.85
<b>Net value as at March 31, 2020</b>	<b>-</b>	<b>24.81</b>	<b>0.68</b>	<b>30.69</b>	<b>56.18</b>
Classified as current					13.31
Classified as non-current					42.87
<b>The following are the amounts recognised in profit or loss:</b>	Land	Building	Plant & Machinery	Vehicles	<b>March 31, 2020</b>
Depreciation expense of right-of-use assets	0.74	2.71	0.08	8.89	12.42
Finance Cost	-	1.90	0.07	2.83	4.80
<b>For the year ended</b>	<b>0.74</b>	<b>4.61</b>	<b>0.15</b>	<b>11.72</b>	<b>17.22</b>

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**Note 38 : INDAS 115 Revenue from contracts with Customers**

A .The company derives following revenues form its contracts with Customers :

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Sale of Componenets	5,062.28	5,853.52
Tool Development	67.02	259.78
<b>Total</b>	<b>5,129.30</b>	<b>6,113.30</b>

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Within one year	13.79	15.06
More than one year	-	-
<b>Total</b>	<b>13.79</b>	<b>15.06</b>

C. Table below provides information on revenue recognised from :

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
(i) Amounts included in contract liabilities at the beginning of the year	28.49	57.21
(ii) Performance obligations satisfied in previous years (i.e. out of unbilled revenue)	16.03	24.46

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Receivables	359.65	849.42
Contract assets	44.74	125.84
Contract liabilities	65.86	35.53

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**Notes to the financial statements**  
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**Note 39: Assets pledged/hypothecated/lien as security**  
The carrying amounts of assets pledged as security for current borrowings are:

	Notes	March 31, 2020	March 31, 2019
<b>Current</b>			
<b>Financial assets</b>			
<i>First charge</i>			
Trade Receivable <sup>1</sup>	5a	359.65	849.42
		<b>359.65</b>	<b>849.42</b>
<b>Non -financial assets</b>			
<i>First charge</i>			
Inventories <sup>1</sup>	9	508.77	482.51
<b>Total current assets</b>		<b>868.42</b>	<b>1,331.93</b>

1. Working Capital facility from banks is secured with first pari passu charge on present & future stock and book debts of the Company.

**Note 40 : COVID-19**

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

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

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**Notes to the financial statements**

**Note 41 : Previous year figures**

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this years classification.

As per our report of even date

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of

**SMR Automotive Systems India Limited**

**per Rajeev Sawhney**

Partner

Membership No. 096333

Place: New Delhi

**Sanjay Mehta**

Director

DIN: 03215388

**Pankaj Kumar Mital**

Director

DIN: 00194931

**Rajat Jain**

Chief Operating Officer

**Selvakumar Velusamy**

Chief Financial Officer

**Sakshi Mehta**

Company Secretary

Place: Noida