

Motherson Sumi Systems Limited



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CIN - L34300DL1986PLC026431
CIN-L34300MH1986PLC284510

Date: September 8, 2016

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G-Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI – 400051, India

BSE Limited
1st Floor, New Trading Ring
Rotunda Building
P.J. Towers, Dalal Street
Fort
MUMBAI – 400001, India

Scrip Code : MOTHERSUMI

Scrip Code : 517334

Ref. : Unaudited condensed interim consolidated financial statements as at June 30, 2016 as per Indian GAAP

Dear Sirs,

The Board of Directors of the Company at their meeting held on September 8, 2016 have approved the unaudited condensed interim consolidated financial statements as at June 30, 2016 as per Indian GAAP.

In this connection we enclosed herewith the following :

1. Unaudited condensed interim consolidated financial statements as at June 30, 2016 as per Indian GAAP.
2. Copy of presentation on Ind AS vs Indian GAAP.

This is for your information and record please.

Thanking you,

Yours faithfully,
for Motherson Sumi Systems Limited


(Rakesh Mishra)
AGM – Corporate

Encl. : As above

Registered Office:
Unit 705, C Wing
ONE BKC, G Block,
Bandra Kurla Complex
Bandra East, Mumbai-400051

Regd. Office: 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044, Telefax: +91-11-40555940.

a member of SAMVARDHANA MOTHERSON GROUP



Motherson Sumi Systems Limited
Unaudited condensed interim
consolidated financial statements
June 30, 2016



MOTHERSON SUMI SYSTEMS LIMITED

Condensed interim consolidated Balance Sheet

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

	Unaudited	Audited
	As At June 30, 2016	As At March 31, 2016
Equity and Liabilities		
Shareholders' funds		
Share capital	1,323	1,323
Reserves and Surplus	44,134	41,133
	<u>45,457</u>	<u>42,456</u>
Minority Interest	15,409	14,411
Non Current Liabilities		
Long-term borrowings (Refer Note 3)	70,193	50,023
Deferred tax liabilities (net)	1,937	1,926
Other long-term liabilities	1,850	1,828
Long-term provisions	2,534	2,424
	<u>76,514</u>	<u>56,201</u>
Current Liabilities		
Short-term borrowings	6,127	9,859
Trade payables		
Total outstanding dues of micro and small enterprises and Total outstanding dues of creditors other than micro and small enterprises	47	55
	54,727	55,619
Other current liabilities	25,928	25,553
Short-term provisions	3,804	3,077
	<u>90,633</u>	<u>94,163</u>
TOTAL	<u>228,013</u>	<u>207,231</u>
Assets		
Non-Current Assets		
Fixed Assets		
Tangible assets (Refer Note 7)	77,548	70,093
Intangible assets	3,731	3,496
Capital work in progress	9,144	13,740
Non-current investments	1,057	1,009
Deferred tax assets (net)	3,120	3,649
Long-term loans and advances	2,317	2,337
Other non-current assets	7,331	5,185
	<u>104,248</u>	<u>99,509</u>
Current Assets		
Current investments*	0	0
Inventories	48,024	45,033
Trade receivables	34,510	34,656
Cash and bank balances	31,519	19,329
Short-term loans and advances	9,422	8,165
Other current assets	290	539
	<u>123,765</u>	<u>107,722</u>
TOTAL	<u>228,013</u>	<u>207,231</u>

*Amount is below the rounding off norm adopted by the Company

The explanatory notes are an integral part of these unaudited condensed interim consolidated financial statements

For and on behalf of the Board


V.C. SEHGAL
ChairmanPlace: Noida
Date : September 08, 2016

MOTHERSON SUMI SYSTEMS LIMITED

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

Condensed interim consolidated Statement of Profit & Loss

Unaudited

For the period ended
June 30, 2016

Revenue	
Revenue from operations (gross)	109,052
Less: Excise duty	1,908
Revenue from operations (net)	107,144
Other Income	475
Total	107,619
Expenses	
Cost of materials consumed	66,262
Purchase of stock-in-trade	578
Changes in inventories of finished goods, work-in-progress and stock in trade	(1,971)
Employee benefit expenses	20,892
Other expenses (Refer Note 5)	12,360
Total	98,121
Profit before finance cost, depreciation, exceptional items and tax	9,498
Finance costs	802
Profit before depreciation, exceptional items and tax	8,696
Depreciation and amortization expense	2,796
Exceptional items (Income)/ Expense (Refer Note 4)	332
Profit Before Tax	5,568
Tax expenses	
-Current tax (Refer Note 6)	1,803
-Deferred tax expense/ (credit) (Refer Note 6)	201
-Fringe benefit tax	13
Profit after tax before share of results of associates and minority interest	3,551
Less: Minority Interest Profit/ (Loss)	960
Add: Share of net profit / (loss) of associates	(3)
Profit for the year	2,588
Earnings per share:	
Nominal value per share: Re. 1/-	
Basic : Rs. Per share	1.96
Diluted : Rs. Per share	1.96

The explanatory notes are an integral part of these unaudited condensed interim consolidated financial statements

For and on behalf of the Board


V.C. SEHGAL
Chairman

Place: Noida

Date : September 08, 2016



Condensed interim consolidated Cash Flow Statement

	Unaudited For the period ended June 30, 2016
A. Cash flow from / (used in) operating activities:	2,520
B. Cash flow from / (used in) Investing activities:	(5,474)
C. Cash flow from / (used in) financing activities:	14,799
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	11,845
E. Opening Cash and Cash equivalents	18,990
F. Closing Cash and cash equivalents (D+E)	30,835

Notes:

1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on "Cash flow statements", however disclosures are made in accordance with requirements of Accounting Standard-25 on "Interim Financial Statement".

2 Cash and cash equivalents comprise of:

Cash on hand	32
Cheques / drafts on hand	26
Balance with Banks	30,770
Cash and cash equivalents as per Balance Sheet	30,828
Effect of exchange differences on balance with banks in foreign currency	7
Total	30,835

For and on behalf of the Board



V.C. SEHGAL
Chairman

Place: Noida

Date : September 08, 2016



Notes to the Condensed interim consolidated financial statements

1. General Information

MotherSON Sumi Systems Limited (MSSL or 'the Company') is engaged primarily in the manufacture and sale of components to automotive original equipment manufacturers. The Company is a public limited company and is listed on the Bombay Stock Exchange and National Stock Exchange. The Company is a joint venture entity between Samvardhana MotherSON International Limited (SMIL) and Sumitomo Wiring Systems Limited, Japan. The group comprises of MSSL and its directly and indirectly held 94 subsidiaries (including stepdown subsidiaries), 8 Joint ventures and 2 associates.

2. Summary of significant accounting policies

2.1 Basis of preparation

- a. These condensed interim consolidated financial statements for the quarter ended June 30, 2016 have been prepared in accordance with Accounting Standard 25, 'Interim financial reporting' for the first time and has adopted the transitional provision as laid down in para 44 of the said Standard. Accordingly, comparative Statement of the Profit and Loss and Cash Flow Statement for the comparable interim period has not been provided. Previous years' figures wherever disclosed have been regrouped or rearranged where considered necessary. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2016, which have been prepared in accordance with Indian GAAP.

The accounting policies adopted for preparation of these condensed interim consolidated financial statements are consistent with those used for preparation of annual financial statements for year ended March 31, 2016. Further, the Ministry of Corporate affairs vide its notification dated March 30, 2016 notified the Companies (Accounting Standard) Amendment rules, 2016, transition date being April 1, 2016. The Company has assessed the changes in existing policy as per said notification and has applied those for preparation of condensed interim consolidated financial statements.

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 for the first time with a transition date of April 1, 2015. However, in accordance with SEBI's circular no SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, these condensed interim consolidated financial statements have been prepared in accordance with the accounting policies used for the preparation of the annual financial statements for the year ended March 31, 2016.

- b. The Condensed interim consolidated financial statements have been prepared on the following basis:
- The Condensed interim financial statement of the Parent and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
 - The Condensed interim consolidated financial statements have been prepared using condensed interim financial statements drawn up to same reporting dates.
 - Joint ventures have been accounted for in the condensed interim consolidated financial statements using proportionate consolidation method. The group combines its share of the joint ventures individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.
 - Associate companies have been accounted for in the condensed interim consolidated financial statements using equity accounting method, whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee.
- c. The subsidiaries, joint ventures and associates considered in the preparation of condensed interim consolidated financial statements are as follows:

List of Subsidiaries

Name of the Company	Country of Incorporation	% voting power held as at June 30, 2016
MSSL Mauritius Holdings Limited	Mauritius	100%
MSSL Mideast (FZE)	UAE	100%
MotherSON Electrical Wires Lanka Private Limited	Sri Lanka	100%
MSSL (S) Pte Limited	Singapore	100%
MSSL (GB) Limited (held by MSSL Mideast (FZE))	UK	100%
MotherSON Wiring System (FZE) (held by MSSL Mideast (FZE))	UAE	100%
MSSL Tooling (FZE) (held by MSSL Mideast (FZE))	UAE	100%
MSSL Ireland Private Limited (held by MSSL Mauritius Holdings Limited)	Ireland	100%
MSSL GmbH (held by MSSL Mideast (FZE))	Germany	100%
Samvardhana MotherSON Invest Deutschland GmbH (held by MSSL GmbH)	Germany	100%
MSSL Advanced Polymers s.r.o.(held by MSSL GmbH)	Czech Republic	100%
MotherSON Orca Precision Technology GmbH (held by MSSL GmbH)	Germany	95.10%
MSSL s.r.l. Unipersonale (held by MSSL GmbH)	Italy	100%
MotherSON Techno Precision México, S.A. de C.V (held by MSSL GmbH)	Mexico	100%
Samvardhana MotherSON Polymers Management Germany GMBH (held by MSSL GmbH)	Germany	100%



MOTHERSON SUMI SYSTEMS LIMITED
(All amounts in Rs. Million, unless otherwise stated)
Notes to the Condensed Interim consolidated financial statements

Name of the Company	Country of Incorporation	% voting power held as at June 30, 2016
Samvardhana Motherson Plastic Solutions GMBH & Co KG (held by MSSL GmbH)	Germany	100%
Global Environment Management Australia Pty Limited (held by Global Environment Management (FZC))	Australia	100%
Global Environment Management (FZC) (held by MSSL Mauritius Holdings Limited)	UAE	78.82%
MSSL Australia Pty Limited (held by MSSL (S) Pte. Limited)	Australia	80%
Motherson Elastomers Pty Limited (held by MSSL Australia Pty Limited)	Australia	100%
Motherson Investments Pty Limited (held by MSSL Australia Pty Limited)	Australia	100%
MSSL Global RSA Module Engineering Limited (held by MSSL Mauritius Holdings Limited)	South Africa	100%
Samvardhana Motherson Global Holdings Ltd. (SMGHL) (held by MSSL Mauritius Holdings Limited)	Cyprus	51%
MSSL Japan Limited (held by MSSL (S) Pte Limited)	Japan	100%
MSSL México, S.A. De C.V. (held by MSSL (S) Pte Limited)	Mexico	100%
Vacuform 2000 (Proprietary) Limited (held by MSSL Mauritius Holdings Limited)	South Africa	51%
MSSL WH System (Thailand) Co., Ltd (held by MSSL (S) Pte. Ltd.)	Thailand	100%
MSSL Korea WH Limited (held by MSSL (S) Pte. Ltd.)	Korea	100%
MSSL Automobile Component Ltd	India	100%
Samvardhana Motherson Polymers Limited (SMPL)	India	51%
MSSL Consolidated Inc. (held by MSSL (GB) Ltd.)	USA	100%
MSSL Overseas Wiring System Ltd. (held by MSSL Consolidated Inc)	UK	100%
MSSL Wiring System Inc (held by MSSL Overseas Wiring System Ltd)	USA	100%
Alphabet de Mexico, S.A. de C.V. (held by MSSL (GB) Ltd.)	Mexico	100%
Alphabet de Mexico de Monclova, S.A. de C.V. (held by MSSL (GB) Ltd.)	Mexico	100%
Alphabet de Saltillo, S.A. de C.V. (held by MSSL (GB) Ltd.)	Mexico	100%
MSSL Wirings Juarez, S.A. de C.V.	Mexico	100%
Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) (formerly Samvardhana Motherson B.V.) (held by SMGHL and SMPL)	Netherlands	100%
Samvardhana Motherson Peguform GmbH (held by SMRPBV)	Germany	100%
SMP Deutschland GmbH (held by Samvardhana Motherson Peguform GmbH and SMGHL)	Germany	100%
SMP Automotive Technology Iberica S.L. (held by SMRPBV)	Spain	100%
SMP Automotive Technology Management Services (Changchun) Co. Ltd. (held by SMP Deutschland GmbH)	China	100%
SMP Automotive Technologies Teruel Sociedad Limitada (held by SMP Automotive Technology Iberica S.L.)	Spain	100%
SMP Automotive Systems Mexico S.A. de C.V. (held by SMP Automotive Technology Iberica S.L.)	Mexico	100%-1share
Samvardhana Motherson Peguform Barcelona S.L.U (held by SMP Automotive Technology Iberica S.L.)	Spain	100%
SMP Logistik Service GmbH (held by SMP Deutschland GmbH)	Germany	100%
Samvardhana Motherson Peguform Automotive Technology Portugal S.A. (held by SMP Automotive Technology Iberica S.L.)	Portugal	100%
SMP Automotive Solutions Slovakia s.r.o (held by SMP Deutschland GmbH)	Slovakia	100%
Changchun Peguform Automotive Plastics Technology Co., Ltd.(held by SMP Deutschland GmbH)	China	50% +1share
SMP Automotive Produtos Automotivos do Brasil Ltda. (held by SMP Automotive Technology Iberica S.L.)	Brazil	100%-1share
Foshan Peguform Automotive Plastics Technology Co. Ltd. (held by Changchun Peguform Automotive Plastics Technology Co., Ltd.)	China	100%
SMP Exterior Automotive GmbH (held by Samvardhana Motherson Peguform GmbH)	Germany	100%
SMP Automotive Interiors (Beijing) Co. Ltd (held by SMRPBV)	China	100%
Samvardhana Motherson Reflectec Group Holdings Limited (SMR) (held by Samvardhana Motherson Automotive Systems Group B.V.)	Jersey	98.45%
SMIA BV & Co. KG (held by Samvardhana Motherson Peguform GmbH)	Germany	100%
SMR Automotive Holding Hong Kong Limited (held by SMR)	Hong Kong	100%
SMR Automotive Technology Holding Cyprus Limited (held by SMR)	Cyprus	100%
SMR Automotive Mirror Systems Holding Deutschland GmbH (held by SMR)	Germany	100%
SMR Automotive Mirrors Stuttgart GmbH (held by SMR)	Germany	100%
SMR Automotive Modules Mirrors Korea Ltd. (held by SMR)	South Korea	100%
SMR Hyosang Automotive Ltd. (held by SMR)	South Korea	100%
SMR Holding Australia Pty Ltd. (held by SMR)	Australia	100%
SMR Automotive Australia Pty Limited (held by SMR)	Australia	100%
SMR Automotive Mirror Technology Hungary BT (held by SMR)	Hungary	100%
SMR Grundbesitz GmbH & Co. KG (held by SMR)	Germany	93.07%
SMR Automotive (Langfang) Co. Ltd (held by SMR, Korea)	China	100%
SMR Automotive Mirror Parts and Holdings UK Ltd (held by SMR)	UK	100%
SMR Automotive Mirrors UK Limited (held by SMR)	UK	100%



MOTHERSON SUMI SYSTEMS LIMITED
(All amounts in Rs. Million, unless otherwise stated)
Notes to the Condensed interim consolidated financial statements

Name of the Company	Country of Incorporation	% voting power held as at June 30, 2016
SMR Automotive Technology Valencia S.A.U. (held by SMR)	Spain	100%
SMR Automotive Mirror International USA Inc. (held by SMR)	USA	100%
SMR Automotive Systems USA Inc. (held by SMR)	USA	100%
SMR Automotive Systems France S.A. (held by SMR)	France	100%
SMR Automotive Systems India Limited (held by SMR)	India	100%
SMR Automotive Yancheng Co. Limited (held by SMR)	China	100%
SMR Automotive Beijing Company Limited (held by SMR)	China	100%
SMR Automotive Mirror Technology Holding Hungary KFT (held by SMR)	Hungary	100%
SMR Automotive Systems Spain S.A.U (held by SMR)	Spain	100%
SMR Automotive Vision Systems Mexico S.A de C.V (held by SMR)	Mexico	100%
SMR Automotive Servicios Mexico S.A de C.V (held by SMR)	Mexico	100%
SMR Patents S.à.r.l. (held by SMR)	Luxembourg	100%
SMR Automotive Beteiligungen Deutschland GmbH (held by SMR)	Germany	100%
SMR Automotive Brasil Ltda. (held by SMR)	Brazil	100%
SMR Automotives Systems Macedonia Doool Skopje (held by SMR)	Macedonia	100%
SMR Automotive System (Thailand) Limited (held by SMR)	Thailand	100%
SMR Automotive Operations Japan K.K. (held by SMR)	Japan	100%
SMR Automotive Vision System Operations USA INC. (held by SMR)	USA	100%
SMR Mirror UK Limited (held by SMR)	UK	100%
Samvardhana Motherson Innovative Autosystems Holding Company BV (held by SMR)	Netherlands	100%
SM Real Estate GmbH (held by SMP Automotive Exterior GmbH)	Germany	94.80%
SMIA de Mexico, S.A. de C.V. (held by SMR)	Mexico	99%
Samvardhana Motherson Global (FZE) (Held by SMR)	UAE	100%
Motherson Innovations Company Limited (Held by SMR)	England	100%
Motherson Innovations Deutschland GmbH	Germany	100%
SMP Automotive Systems Alabama Inc. (Held by SMR)	USA	100%

List of Associate companies

Name of the Company	Country of Incorporation	% voting power held as at June 30, 2016
SAKS Ancillaries Limited	India	40%
Re time Pty Limited (held by SMR)	Australia	35%

List of Joint Ventures

Name of the Company	Country of Incorporation	% voting power held as at June 30, 2016
Kyungshin Industrial Motherson Limited	India	50%
Calsonic Kansei Motherson Auto Products Private Limited	India	49%
Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. (through SMR)	China	50%
Chongqing SMR Huaxiang Automotive Products Limited (through SMR)	China	50%
Celulosa Fabril S.A. (Zaragoza, ES) (through SMP automotive technology Iberica S.L.)	Spain	50%
Modulos Rivera Alta S.L.U. (through Celulosa Fabril S.A.)	Spain	100%
Eissmann SMP Automotive Interieur Slovensko s.r.o (through SMP Deutschland GmbH)	Slovakia	49%
Samvardhana Motherson Nippisun Technology Ltd (SMNTL)	India	50%

2.2 Use of Estimates

The preparation of condensed interim consolidated financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of asset and liabilities as at Balance Sheet date, reported amount of revenue and expenses for the period and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying condensed interim consolidated financial statement are based upon management's evaluation of relevant facts and circumstances as at the date of the condensed interim consolidated financial statements. Actual results could differ from estimates.



Notes to the Condensed interim consolidated financial statements

2.3 Property, Plant and equipment (tangible fixed assets)

Property, Plant and equipment is recognized when the cost of an asset can be reliably measured, and it is probable that the entity will obtain future economic benefit from the asset.

The Company has used Cost model for valuation of Property, plant and equipment and accordingly, all revaluation reserve, existing as at transition date i.e. April 1, 2016, has been adjusted with carrying amount of asset.

Property, Plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any, except for assets costing upto Rs 5,000 to Rs 350,000 each charged to expense, which could otherwise have been included as Property, Plant and equipment, in accordance with Accounting Standard 10 (Revised) - 'Property, Plant and equipment', because the amount is not material.

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

Subsequent expenditure related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements as other current assets. Any expected loss is recognized immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets in order to reflect the actual usage of the assets.

	Indian Entities	Overseas Entities
	Useful life	Useful life
Leasehold Land	Over the period of lease	
Freehold Land	Nil	
Leasehold improvements	Over the period of lease	
Buildings	30 years	5 to 61 years
Plant & Machinery:		
Plant & Machinery	7.5 years *	3 to 15 years
Die & Moulds	6.17 years*	3 to 15 years
Electric Installation	10 years	3 to 15 years
Furniture & fixtures	6 years*	3 to 15 years
Office equipments	5 years	3 to 10 years
Computers:		
Server & Networks	3 years*	3 to 15 years
End user devices, such as desktops, laptops, etc.	3 years	3 to 15 years
Vehicles	4 years*	3 to 12 years

*Useful life of these assets are lower than the life prescribed under schedule II to the Companies Act, 2013.

2.4 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. The useful life of the intangible asset is as below:

Asset	Useful lives (years)
Technical Knowhow fees*	3 to 13 years
Business & Commercial rights*	3 to 11 years
Intellectual property rights	1 to 3 years
Software	2 to 5 years

*The useful life of technical knowhow, business and commercial rights is the result of the analyses and average useful right of the contracts.

Goodwill generated on consolidation in respect of subsidiaries is being carried at cost less impairment (if any). Further, Goodwill arising on amalgamation is amortized over period of 5 years. Also, Goodwill generated on acquisition of assets will be tested for impairment.



2.5 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in Statement of Profit and Loss in the period in which they are incurred.

2.6 Impairment of Assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

2.7 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment Property

Investment in land & buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation. Refer note 2.3 for depreciation rates used for buildings.

2.8 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. 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.

2.9 Foreign Currency Translation and Derivative Instruments

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognized as income or as expense for the period.



Translation of foreign operations

Foreign operations are classified as either 'integral' or 'non-integral' operation. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the "Exchange Reserve on Consolidation" until the disposal of the net investment, at which time they are recognized as income or as expenses. The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation is those of the Company itself.

Derivative Instruments

The Company has adopted Accounting Standard-30 "Financial Instruments: Recognition and Measurement" issued by The Institute of Chartered Accountants of India to the extent the adoption does not contradict with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] of the Companies Act, 1956 and other regulatory requirements. All derivative contracts (except for forward foreign exchange contracts where Accounting Standard 11 – "Accounting for the effects of changes in foreign exchange rates" applies) are fair valued at each reporting date. For derivative contracts designated in a hedging relationship, the Company records the gain or loss on effective hedges, if any, in a hedge reserve, until the transaction is complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. Changes in fair value relating to the ineffective portion of the hedges and derivatives not qualifying or not designated as hedges are recognized in the statement of profit and loss in the accounting period in which they arise.

The Company has early adopted the Guidance Note on "Accounting for derivative contracts" issued by the Institute of Chartered Accountants of India on June 01, 2015 in respect of one of its subsidiaries. Based on the same, gain / loss arising on effective cash flow hedges have been directly recognized in reserve and surplus whereas ineffective hedges have been recognized in statement of profit and loss.

However, principally there is no difference in the accounting treatment followed for derivative contracts as per Accounting Standard - 30 "Financial Instruments: Recognition and Measurement" and Guidance Note on "Accounting for derivative contracts".

2.10 Revenue Recognition**Sale of goods**

Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

Sale of Services

In contracts involving the rendering of services, revenue is recognised as per terms of contracts and are recognised net of service tax.

2.11 Other Income**Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Duty Drawback and export incentives

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

Dividend

Dividend income is recognized when the right to receive dividend is established.

2.12 Employee Benefits**a) In respect of the companies incorporated in India****Provident Fund & Employee State Insurance**

Contribution towards provident fund and employee state insurance for employees is made to the regulatory authorities, where the 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.

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 plans in certain group companies are funded through annual contributions to Life Insurance Corporation of India (LIC) under its Group's Gratuity Scheme whereas others are not funded. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences

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

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.



b) In respect of the companies incorporated outside India**Pension provisions**

Companies within the Group operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by annual actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

SMP mainly operated a defined benefit pension plan in Germany based on Employee pensionable remuneration and length of services. The plan is unfunded. Further, SMR group has various defined benefit plans, which consider final salary as well as average salary components-in order to define the benefits for the pensioners. Different pension plans are operated by the group in the UK, Germany, Mexico and South Korea. The schemes, in the UK and South Korea are administered by separate trust funds.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice. The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation, less any past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

The value of a net pension benefit asset is restricted to the sum of any unrecognized past service costs and the present value of any amount the Group expects to recover by way of refund from the plan or reduction in the future contributions. An economic benefit, in the form of a refund or a reduction in future contributions, is available if the Group can realize it at some point during the life of the plan or when the plan liabilities are settled. In particular, such an economic benefit may be available even if it is not realizable immediately at the balance sheet date. The economic benefit available does not depend on how the Group intends to use the surplus. The Group determines the maximum economic benefit that is available from refund, reduction in future contributions or a combination of both. Legal or contractual minimum funding requirements in general stipulate a minimum amount or level of contributions that must be made to a plan over a given period. Therefore, a minimum funding requirement may limit the ability of the entity to reduce future contributions and considered respectively in determining the economic benefit from the plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Compensated Absences

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

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

Other Long term benefits**Jubilee Bonus**

In certain group entities, the employees are entitled to bonus after completion of certain year of services which are based on the wage agreement or otherwise as per terms of employment. The Group recognizes as an expenditure the present value of such long term jubilee bonuses, where applicable based on the expected amounts to pay by considering expectancies of employee turnover and expected future salary increase.

Termination Benefits

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.13 Government Grants

Government grants are recognized when it is reasonable to expect that the grants will be received and that all related conditions will be met. Government grants in respect of capital expenditure are credited to the acquisition costs of the respective fixed asset and thus are released as income over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Government grants that are given with reference to total capital outlay are credited to capital reserve and treated as a part of shareholders' funds.



2.14 Current and Deferred Tax

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

Current tax is determined based on respective taxable income and tax rules of each taxable entity. It is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognized for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty, wherein virtual certainty with convincing evidence is required in case of unabsorbed depreciation and carry forward of tax losses, that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws applicable to respective jurisdictions that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the group reassesses unrecognized deferred tax assets, if any.

Fringe Benefit Tax

Fringe benefit tax is determined based on the liability computed in accordance with relevant tax rates and tax laws of the jurisdiction in which it is applicable.

2.15 Provisions and Contingent Liabilities**Provisions**

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

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.

2.16 Leases**As a lessee:****(a) Operating Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(b) Finance Leases

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

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

As a lessor:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

2.17 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted by the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses/income".



Notes to the Condensed interim consolidated financial statements

2.18 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

2.19 Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares which have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3. Issue of Senior Secured Notes

Samvardhana Motherson Automotive Systems Group B.V., Netherlands (SMRPBV), one of the Company's subsidiary has issued 4.875% Senior Secured Notes for USD 300 million (INR 20,256 million) due 2021 on June 06, 2016 and additional notes amounting to USD 100 million (INR 6,752 million) on August 8, 2016, to form single series with the above mentioned USD 300 million notes. The net proceeds from the aforesaid Notes would be used to meet company's investment requirement, repayment of existing third party indebtedness.

4. Exceptional items

Items that are material either because of their size or their nature or that are non-recurring are considered as exceptional items and are disclosed separately in statement to Condensed Interim Consolidated Statement of Profit & Loss.

During quarter ended June 30, 2016, the Company has incurred issue expense amounting to INR 332 million in respect of issue of senior secured notes.

5. Other expenses for the quarter ended June 30, 2016 includes an expense INR 466 Million (EUR 6.17 Million) incurred towards costs/ fee for new projects by SMRP BV Group. These expenses are charged off to the Statement of Profit and loss account when incurred under Indian GAAP. However, these expenses are amortised over the life of the project to systematically allocate expenses in the accounting periods in which such economic benefits are consumed under IND AS / IFRS.
6. Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.
7. The Company has used cost model for valuation of property, plant and equipment for each class of assets as per Accounting Standard- 10 (Revised) 'Property, Plant and Equipment' and accordingly, has adjusted the revaluation reserve amounting to INR 96 million, existing as at April 1, 2016, with carrying amount of respective asset. Refer Note 2.3 for accounting policy on property, plant and equipment.

8. Claims against the Company not acknowledged as debts

	As At June 30, 2016	As At March 31, 2016
a) Excise Matters	62	62
b) Sales Tax Matters	48	48
c) Service Tax Matters	39	42
d) Stamp Duty	3	3
e) Claims made by workmen	40	38
f) Income Tax Matters	140	156
g) Unfulfilled export commitment under EPCG'Scheme	108	108
h) Custom demand matters	-	59
i) Others	145	147

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

(b) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.



9. Segment Information

The Company has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Company is primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment.

These condensed interim consolidated financial statement have been prepared in accordance with Accounting Standard 25, 'Interim financial reporting' and accordingly details of business segment is presented below considering the primary reporting segment of the Company.

The Company has identified two operating segments, namely Automotive and Non Automotive, determined on the basis of nature of products and services.

	For the period ended June 30, 2016
1 Segment revenue	
(a) Automotive	104,699
(b) Non automotive	2,829
(c) Unallocated	40
Total	107,568
Less: Inter segment revenue	-
Net sales/income from operations	107,568
2 Segment results	
(a) Automotive	6,537
(b) Non automotive	276
(c) Unallocated	-
Total	6,813
Less i) Interest (Net)	752
ii) Other unallocable expenditure (Net of unallocable income)	493
(d) Profit/(loss) of Associate	(3)
Total profit before tax	5,565
3 Segment Assets	
(a) Automotive	216,825
(b) Non automotive	5,405
(c) Unallocated	5,783
Total segment assets	228,013
4 Segment Liabilities	
(a) Automotive	82,558
(b) Non automotive	997
(c) Unallocated (excluding short term borrowings, long term borrowings and current maturities)	4,467
Total segment liabilities	88,022
5 Segment Capital Employed (segment assets minus segment liabilities)	
(a) Automotive	134,267
(b) Non automotive	4,408
(c) Unallocated	1,316
Total segment liabilities	139,991

10. Previous Year figures have been regrouped/reclassified wherever necessary to correspond with the current period's classification/disclosures.

For and on behalf of the Board

sdL
V.C. SEHGAL
Chairman

Place: Noida
Date : September 08, 2016

