

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Balance sheet

		<i>(Rs. in lakhs)</i>	
As at	Note	31 March 2020	31 March 2019
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	4	1,897.10	1,653.25
(b) Capital work-in-progress	4	27.06	218.71
(c) Right - of - use assets	42	36.69	-
(d) Intangible assets	5	-	4.95
(e) Financial assets			
(i) Loans receivable	7	31.71	35.43
(f) Deferred tax assets (net)	36	570.81	724.37
(g) Income tax assets (net)	36	1,108.11	941.01
(h) Other non-current assets	8	510.35	669.63
Total non-current assets		4,181.83	4,247.35
(2) Current assets			
(a) Inventories	9	2,761.57	3,208.21
(b) Financial assets			
(i) Trade receivables	6	2,775.98	4,148.69
(ii) Cash and cash equivalents	10	11,480.45	8,707.62
(iii) Loans receivable	7	13.46	14.43
(iv) Other financial assets	11	177.90	235.95
(c) Other current assets	8	916.00	490.26
Total current assets		18,125.36	16,805.16
Total assets		22,307.19	21,052.51
II. Equity and liabilities			
Equity			
(a) Equity share capital	12	50.00	50.00
(b) Other equity	13	18,041.22	15,750.54
Total equity		18,091.22	15,800.54
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	42	14.33	-
(ii) Borrowings	14	-	15.10
(b) Provisions	15	267.24	244.88
Total non-current liabilities		281.57	259.98
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	42	21.43	-
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	16	122.31	272.83
- Total outstanding dues of creditors other than micro and small enterprises	16	2,130.61	3,080.17
(iii) Other financial liabilities	17	1,009.56	874.51
(b) Other current liabilities	18	337.01	183.18
(c) Provisions	15	313.48	533.56
(d) Current tax liability (net)	36	-	47.74
Total current liabilities		3,934.40	4,991.99
Total liabilities		4,215.97	5,251.97
Total equity and liabilities		22,307.19	21,052.51
Significant accounting policies	3		

See accompanying notes to financial statements

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

Vikash Gupta

Partner

Membership number : 064597

Vijay Krishnan V

Director

[DIN: 07901688]

Kuppanda Ayappa Appiah

Director

[DIN: 07939378]

Place: Bengaluru

Date: 28 May 2020

Place: Bengaluru

Date: 28 May 2020

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Statement of profit and loss

(Rs. in lakhs)

For the year ended	Note	31 March 2020	31 March 2019
A. Continuing operations :			
Income			
Revenue from operations	19	22,221.45	20,913.04
Other income	20	431.24	399.96
Total income		22,652.69	21,313.00
Expenses			
Cost of materials consumed	21	7,168.77	7,219.66
Purchases of stock-in-trade	22	4,899.09	5,201.59
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	423.42	(965.85)
Employee benefits expense	24	3,076.36	2,914.73
Finance costs	25	5.10	3.08
Depreciation and amortisation	4,5 and 42	195.55	187.96
Other expenses	26	3,658.13	3,743.87
Total expenses		19,426.42	18,305.04
Profit from continuing operations before tax		3,226.27	3,007.96
Tax expense :			
(i) Current tax	36	729.92	968.02
(ii) Deferred tax	36	166.68	24.52
		896.60	992.54
Profit from continuing operations		2,329.67	2,015.42
B. Discontinued Operations:			
Profit from discontinued operations	41	-	3,262.73
Tax expense of discontinued operations	36	-	959.24
Profit after Tax from discontinued operations		-	2,303.49
Profit for the year		2,329.67	4,318.91
Other comprehensive income			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurements of net defined benefit liability / asset	31	(52.11)	9.78
Income tax relating to items that will not be reclassified subsequently to profit or loss	36	13.12	(3.38)
Other comprehensive income, net of tax		(38.99)	6.40
Total comprehensive income for the year		2,290.68	4,325.31
Earnings per share (Nominal value of Rs. 10 each) (for continuing operations)			
- Basic (in Rs.)	28	465.93	403.08
- Diluted (in Rs.)		465.93	403.08
Earnings per share (Nominal value of Rs. 10 each) (for discontinued operations)			
- Basic (in Rs.)		-	460.70
- Diluted (in Rs.)		-	460.70
Earnings per share (Nominal value of Rs. 10 each) (for total operations)			
- Basic (in Rs.)		465.93	863.78
- Diluted (in Rs.)		465.93	863.78
Weighted average number of equity shares used in computing earnings per share :			
- Basic		500,000	500,000
- Diluted		500,000	500,000
Significant accounting policies	3		

See accompanying notes to financial statements

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

Vikash Gupta

Partner

Membership number : 064597

Vijay Krishnan V

Director

[DIN: 07901688]

Kuppanda Ayappa Appiah

Director

[DIN: 07939378]

Place: Bengaluru

Date: 28 May 2020

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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Statement of changes in equity

(Rs. in lakhs)

Particulars	Equity share capital	Other equity			Total Other Equity	Total equity
		Surplus		Other comprehensive income Remeasurements of net defined benefits Liability/ (asset), net of tax		
		General reserve	Retained earnings			
Balance as at 1 April 2018	50.00	271.73	11,177.61	(24.11)	11,425.23	11,475.23
Changes in equity for the year ended 31 March 2018						
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	6.40	6.40	6.40
Profit for the year	-	-	4,318.91	-	4,318.91	4,318.91
Balance as at 1 April 2019	50.00 #	271.73	15,496.52	(17.71)	15,750.54	15,800.54
Changes in equity for the year ended 31 March 2019						
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	(38.99)	(38.99)	(38.99)
Profit for the year	-	-	2,329.67	-	2,329.67	2,329.67
Balance as at 31 March 2020	50.00	271.73	17,826.19	(56.70)	18,041.22	18,091.22

(Significant Accounting policies Note - 3)

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

Vikash Gupta
Partner
Membership number : 064597

Vijay Krishnan V
Director
[DIN: 07901688]

Kuppanda Ayappa Appiah
Director
[DIN: 07939378]

Place: Bengaluru
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3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Cash flow statement

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2019	31 March 2019
Cash flow from operating activities		
Profit before tax continuing operation	3,226.27	3,007.96
Profit before tax discontinuing operation	-	3,262.73
Adjustment for:		
Depreciation and amortisation expense	195.55	187.96
Provision for doubtful debts (net)	58.81	45.84
Liabilities no longer required written back (net)	(105.00)	-
Unrealised (gain)/ loss on foreign currency transactions and translation (net)	20.46	(28.67)
Profit on disposal of property, plant and equipment	-	(51.69)
Interest income	(326.24)	(168.24)
Gain on disposal of discontinued operations	-	(3,171.66)
Finance costs	5.10	3.08
	3,074.95	3,087.31
Movements in working capital:		
Decrease in trade payables	(1,098.72)	(199.60)
Decrease in provisions	(167.31)	(53.99)
(Increase) / decrease in other financial and current liabilities	297.60	(456.74)
(Increase) / decrease in trade receivables	1,313.90	(273.25)
(Increase)/ decrease in inventories	446.64	(1,189.60)
Increase in loans, other financial assets and non-current assets	(250.76)	(383.78)
Cash generated from operations activities	3,616.30	530.35
Income taxes paid, (net of refund)	(944.76)	(1,963.74)
Net cash (used in) / from operating activities (A)	2,671.54	(1,433.39)
Cash flow from investing activities		
Purchase of property, plant and equipment	(139.46)	(368.54)
Proceeds from sale of property, plant and equipment	0.65	50.92
Interest received	267.44	188.09
Proceeds from sale of discontinued operations	-	3,771.00
Net cash from investing activities (B)	128.63	3,641.47
Cash flow from financing activities		
Payment of lease liability (including interest thereon)	(27.34)	-
Movement in lease liability	-	(31.39)
Interest paid	-	(3.08)
Net cash used in financing activities (C)	(27.34)	(34.47)
Net Increase in cash and cash equivalents (A+B+C)	2,772.83	2,173.61
Cash and cash equivalents at the beginning of the year	8,707.62	6,534.01
Cash and cash equivalents at the end of the year	11,480.45	8,707.62
Cash and cash equivalents comprises of (refer note 10):		
Balances with banks:		
- In current accounts	6,480.45	8,707.62
- Deposit accounts (original maturity of less than three months)	5,000.00	-
	11,480.45	8,707.62

Significant accounting policies (refer note 3)

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

Vikash Gupta

Partner

Membership number : 064597

Vijay Krishnan V

Director

[DIN: 07901688]

Kuppanda Ayappa Appiah

Director

[DIN: 7939378]

Place: Bengaluru

Date: 28 May 2020

Place: Bengaluru

Date: 28 May 2020

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements

1. Reporting entity

3M Electro & Communication India Private Limited ('the Company') is a subsidiary of 3M India Limited, India. The Company is a private limited company domiciled in India with its registered office at Plot No. 95-97, Sanniyasikuppam, Udhaya Nagar, Thirubhuvanai main road, Thirubhuvanai Post, Pondicherry - 605107. The Company offers a complete range of products that include the Cable jointing kits ranging from 1.1 KV to 132 KV, Heatshinks, Coldshinks, Kastex, Electrical Insulation Tapes, Busbar tubes, DIY Electrical kits, various kinds of water filters, water softners, Hi flo filters, Wholehouse filters, Zeta +. In India, the Company has manufacturing facilities at Pune.

2. Basis of preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 28 May 2020.

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

B. Functional & presentation currency

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

C. Basis of measurement

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

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

D. Use of estimates and judgments

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

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

Judgments

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

- Note 27 and 42 - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

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

- Note 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6, 7, 11 and 39 - impairment of financial assets;
- Note 31 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 36 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 9 - provision for inventories; and
- Note 15, 35 and 37 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

E. Measurement of fair values

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

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

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

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

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

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

- Note 30 - share-based payment arrangements and
- Note 39 - financial instruments

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

3. Significant accounting policies

(a) Financial instruments

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement

Financial assets

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

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition of financial instruments

Financial assets

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

Financial liabilities

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

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

iv. Offsetting

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(b) (i) Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives (4 years) using the straight-line method, and is recognised in the statement of profit and loss.

Assets acquired under finance leases till previous year were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. For the current year, refer note 3(l). Freehold land is not depreciated.

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

Asset	Useful lives
Buildings	30 years
Plant and machinery	2 - 15 years
Data processing equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 - 10 years
Electrical installations	10 years
Vehicles	5 years

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

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

(b) (ii) Intangible assets

Internally generated : Research and development

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

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

Others

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

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 recognised as income or expense in the statement of profit and loss.

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

Asset	Useful life
Computer software	3 years

3. Significant accounting policies (continued)

(c) Impairment

(i) Financial assets

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

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

(ii) Non -financial assets

(a) Property, plant and equipment

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

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

(d) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

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

(e) Foreign currency transactions

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

(f) Revenue recognition

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

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

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

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

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

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

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

The Company has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

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

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(g) Employee benefits

Defined contribution plans

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

Provident fund

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

Superannuation

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

Defined benefit plans

Gratuity

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

Compensated absences

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

(h) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Company measures compensation expense for SARs at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA as on the date of the reporting. Any change in the fair value of the liability are recognised in the Statement of profit and loss.

(i) Income taxes

i. Current tax

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

ii. Deferred tax

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences.

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

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

(j) Borrowing costs

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

(k) Provisions and contingent liabilities

i. General

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

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

ii. Contingent liabilities

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

iii. Onerous contracts

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(l) Leases

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

As a lessee

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Ind AS 17 - for comparative period

i. Finance leases

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

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

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

ii. Operating leases

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

(m) Segment reporting

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. Refer note 33 for segment information presented.

(n) Cash and cash equivalents

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

(o) Earnings per share

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

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

(p) Cash flow statement

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED

Notes to the financial statements (continued)

3. Significant accounting policies (continued)

(q) Non-current assets or disposal group held for sale

The company classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The company measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The company recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been recognized. A gain or loss not previously recognised by the date of the sale of a noncurrent asset (or disposal group) is recognised at the date of derecognition. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount. Once classified as held for sale, non current assets are no longer amortized or depreciated.

(r) Discontinued Operation

A discontinued operation is a component of the entity's business, operations, cashflows of which can be clearly distinguished from those of the rest of the entity and which represents the separate line of business or geographical area of operations and is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operations, the comparative statement of profit and loss is represented as if the operation had been discontinued from the start of the comparative period. As per the Agreement with Corning, Communication Markets Division to support in sales/services for a period of 18 months.

(s) Recent Indian Accounting Standards :

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

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

<i>(Rs. in lakhs)</i>									
Particulars	Freehold land	Building	Plant and machinery	Electrical installations	Office equipment	Furnitures & fixtures	Data processing equipment	Leased vehicles (a)	Total
Balance as at 1 April 2018	760.77	448.39	900.30	9.97	28.39	93.85	0.01	107.10	2,348.78
Additions	-	-	44.49	-	-	-	-	-	44.49
Disposals	-	-	(2.75)	-	(1.75)	(0.80)	-	(43.37)	(48.67)
Balance as at 31 March 2019	760.77	448.39	942.04	9.97	26.64	93.05	0.01	63.73	2,344.60
Reclassification pursuant to adoption of Ind AS 116 (refer note 42)	-	-	-	-	-	-	-	(63.73)	(63.73)
Adjusted balances as at 01 April 2019	760.77	448.39	942.04	9.97	26.64	93.05	0.01	-	2,280.87
Additions	-	-	443.06	-	-	-	-	-	443.06
Disposals	-	-	(1.73)	-	-	-	-	-	(1.73)
Balance as at 31 March 2020	760.77	448.39	1,383.37	9.97	26.64	93.05	0.01	-	2,722.20
Accumulated depreciation									
Balance as at 31 March 2018	-	118.10	332.78	8.71	16.89	21.60	0.01	40.26	538.35
Depreciation for the year	-	37.08	116.35	0.83	3.78	9.02	-	15.93	182.99
Disposals	-	-	-	-	(5.66)	(0.80)	-	(23.53)	(29.99)
Balance as at 31 March 2019	-	155.18	449.13	9.54	15.01	29.82	0.01	32.66	691.35
Reclassification pursuant to adoption of Ind AS 116 (refer note 42)	-	-	-	-	-	-	-	(32.66)	(32.66)
Adjusted balances as at 01 April 2019	-	155.18	449.13	9.54	15.01	29.82	0.01	-	658.69
Depreciation for the year	-	34.72	120.51	0.03	3.54	8.69	-	-	167.49
Disposals	-	-	(1.08)	-	-	-	-	-	(1.08)
Balance as at 31 March 2020	-	189.90	568.56	9.57	18.55	38.51	0.01	(32.66)	825.10
Carrying value (net)									
As at 31 March 2019	760.77	293.21	492.91	0.43	11.63	63.23	-	31.07	1,653.25
As at 31 March 2020	760.77	258.49	814.81	0.40	8.09	54.54	-	32.66	1,897.10
Capital work-in-progress									
Balance at 31 March 2018									16.20
Additions during the year									246.01
Capitalised during the year									43.50
Balance at 31 March 2019									218.71
Additions during the year									237.15
Capitalised during the year									428.80
Balance at 31 March 2020									27.06

Note:

(a) Also refer to note 14, 17 and 27 (a).

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

5 Intangible assets

Particulars	<i>(Rs. in lakhs)</i>	
	Computer Software	
Balance at 1 March 2018		14.28
Additions		-
Balance at 31 March 2019		14.28
Additions		-
Balance at 31 March 2020		14.28
Amortisation		
Balance at 31 March 2018		4.36
Amortisation for the year		4.97
Balance at 31 March 2019		9.33
Amortisation for the year		4.95
Balance at 31 March 2020		14.28
Carrying value (net)		
As at 31 March 2019		4.95
As at 31 March 2020		-

6 Trade receivables

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Considered good		
Trade receivables - secured*	3.00	-
Trade receivables - unsecured	2,965.21	4,450.55
Less: Provision for impairment	(192.23)	(301.86)
	2,775.98	4,148.69
Credit impaired	515.77	559.20
Less: Provision for impairment	(515.77)	(559.20)
	-	-
	2,775.98	4,148.69
Non - current	-	-
Current	2,775.98	4,148.69
	2,775.98	4,148.69

Of the above, trade receivables from related parties are as below (also refer note 32):

Total trade receivables from related parties	5.71	59.29
Loss allowance	-	-
Net trade receivables	5.71	59.29

*These are secured against deposits taken from customers.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 39.

7 Loans receivable

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Non current		
Unsecured, considered good		
Security deposits	28.71	33.43
Loans to employees	3.00	2.00
	31.71	35.43
Current		
Unsecured, considered good		
Security deposits	12.87	12.88
Loans to employees	0.59	1.55
	13.46	14.43
Unsecured, considered doubtful		
Security deposits	15.40	15.40
Less : Provision for impairment	(15.40)	(15.40)
	-	-
	13.46	14.43
	45.17	49.86

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

8 Other assets

	<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019
Non current		
Unsecured, considered good		
Capital advances	1.20	107.04
<i>Advances other than capital advances</i>		
Payments under protest [#]	509.15	562.59
Unsecured, considered doubtful		
Payments under protest [#]	49.86	113.30
Less: Allowance for doubtful advances	(49.86)	(113.30)
	510.35	669.63
Current		
Unsecured, considered good		
Prepayments	131.43	31.66
Statutory advances	690.76	247.39
Advance for supply of goods	92.14	208.14
Others	1.67	3.07
	916.00	490.26
	1,426.35	1,159.89

[#]The above payments represents deposits given to government authorities.

9 Inventories*

As at	31 March 2020	31 March 2019
Raw materials	939.28	968.18
[including in-transit Rs. 174.99 lakhs (2019: Rs. 168.79 lakhs)]		
Packing materials	29.14	23.46
Work-in-progress	195.88	360.73
Finished goods	705.41	1,004.80
Stock-in-trade	891.86	851.04
[including in-transit Rs. 259.26 lakhs (2019: Rs. 495.48 lakhs)]		
	2,761.57	3,208.21

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

The write down of inventories to net realisable value during the year amounted to Rs. 34.92 lakhs (31 March 2019 : Rs. 14.86 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 194.83 lakhs (31 March 2019 : Rs. 123.20 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

10 Cash and cash equivalents

	<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019
<i>Balances with banks</i>		
- In current accounts	6,480.45	8,707.62
- Deposit accounts (original maturity of less than three months)	5,000.00	-
	11,480.45	8,707.62

11 Other financial assets

	<i>(Rs. in lakhs)</i>	
As at	31 March 2020	31 March 2019
Unsecured, considered good		
Unbilled revenue	119.10	213.98
Interest accrued but not due	58.80	-
Receivables from related parties (refer note 32)	-	21.97
	177.90	235.95

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

12 Share capital

As at	<i>(Rs in lakhs except for number of shares)</i>	
	31 March 2020	31 March 2019
Authorised :		
Equity shares	50.00	50.00
[500,000 equity shares of Rs. 10/- each (31 March 2019: 500,000 shares)]	<u>50.00</u>	<u>50.00</u>
Issued, subscribed and paid up		
Equity shares fully paid up	50.00	50.00
[500,000 equity shares of Rs. 10/- each (31 March 2019: 500,000 shares)]	<u>50.00</u>	<u>50.00</u>

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

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	500,000	50.00	500,000	50.00
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>500,000</u>	<u>50.00</u>	<u>500,000</u>	<u>50.00</u>

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

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

(c) Shares held by holding company and ultimate holding company

	31 March 2020		31 March 2019	
	Number of Shares	Amount	Number of Shares	Amount
3M India Limited, (Holding company)	500,000	50.00	500,000	50.00

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

	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
3M India Limited, (Holding company)	500,000	100%	500,000.00	100%

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

13 Other equity

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
General reserve	271.73	271.73
Retained earnings	17,826.19	15,496.52
Remeasurement of defined benefit plans, net of tax	(56.70)	(17.71)
	<u>18,041.22</u>	<u>15,750.54</u>

Nature and purpose of other equity

(i) General reserve

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

(ii) Retained earnings:

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

(iii) Other comprehensive income:

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

14 Borrowings

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Non-current		
Secured		
Long term maturities of finance lease obligations [refer note below]	-	15.10
	<u>-</u>	<u>15.10</u>

Note:

Rate of interest for finance lease obligations ranges from 2.77% to 5.80% per annum. Finance lease obligations are secured by hypothecation of assets underlying the leases. Finance lease obligations are payable on monthly / quarterly payment of equated monthly installments beginning from the month subsequent to taking the lease. Period of maturity for the lease obligations of vehicles is 4 years. Also refer note 27(a).

Debt reconciliation statement in accordance with Ind AS 7

Non Current borrowings and current maturities of long term borrowings	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Opening balance	29.93	61.32
Addition to lease liability	28.73	-
Interest cost	4.44	-
Payment of lease liability (including interest thereon)	(27.34)	(31.39)
Closing balance	<u>35.76</u>	<u>29.93</u>

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

15 Provisions

As at	<i>(Rs. in lakhs)</i>			
	31 March 2020		31 March 2019	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 31(b))	-	215.17	-	193.71
Compensated absences	5.76	52.07	6.37	51.17
Others (refer note 37)				
Sales tax, service tax and other issues	249.45	-	337.00	-
Provision for credit notes and sales return	58.27	-	190.19	-
	313.48	267.24	533.56	244.88

16 Trade payables

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Total outstanding dues to micro and small enterprises (Refer note (a) below)	122.31	272.83
Total outstanding dues to creditors other than micro and small enterprises*	2,130.61	3,080.17
	2,252.92	3,353.00

Note (a)

1. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal	122.31	272.83
- Interest	0.82	0.04
2. The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year		
- Interest	2.23	-
- Principal	45.69	1,297.77
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year	0.82	1.19
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	3.02	4.43

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

* Includes due to related party (refer note 32)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.

17 Other financial liabilities

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Current maturities of finance lease obligations [refer note 14]	-	14.83
Deposits from customers	7.94	8.94
Payroll related liabilities	102.39	155.73
Intercompany payables (refer note 32)	260.82	125.92
Accrued expenses	611.83	549.92
Other payables	12.39	11.09
Creditor for capital goods	14.19	8.08
	1,009.56	874.51

*The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 39

18 Other current liabilities

As at	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Statutory liabilities	186.39	135.54
Advance from customers	46.57	26.01
Other liabilities	104.05	21.63
	337.01	183.18

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

19 Revenue from operations

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Sale of products		
Finished goods	13,107.96	13,206.15
Traded goods	8,380.50	6,882.26
Sale of services*	732.99	824.63
Total	22,221.45	20,913.04

* Sale of services includes income from contract research Rs. 96.99 (31 March 2019 : Rs. 135.10 lakhs) (refer note 29 (c)) and management support service fee of Rs. 636.00 (31 March 2019 : Rs. 689.53 lakhs). Refer note 32.

Disaggregation of revenue from operations

Business Segments	31 March 2020	31 March 2019
a) Safety & Industrial	15,727.46	14,804.55
b) Transportation & Electronics	1,121.35	843.51
c) Health Care	5,126.67	4,786.81
Others	245.97	478.17
Total	22,221.45	20,913.04

Reconciliation of revenue from sale of products with the Contracted Price

Contracted Price	22,482.81	21,143.10
Less: Reduction primarily towards sales returns and others	(261.36)	(230.06)
Revenue recognised	22,221.45	20,913.04

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

20 Other income

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Interest income from financial assets carried at amortised cost	326.24	168.24
Profit on sale of property, plant and equipment	-	51.69
Liabilities no longer required written back, net	105.00	180.03
	431.24	399.96

21 Cost of materials consumed

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Inventory of materials at the beginning of the year	991.64	767.89
Add: Purchases (refer note 32)	7,145.55	7,443.41
Less: Inventory of materials at the end of the year	(968.42)	(991.64)
Total	7,168.77	7,219.66

22 Purchases of stock-in-trade

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2018
Filters	2,116.95	2,151.27
Electrical Insulators	2,024.06	1,237.71
Others	758.08	1,812.61
	4,899.09	5,201.59

Also refer note 32.

23 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Opening inventory		
- Finished goods	1,004.80	610.99
- Stock-in-trade	851.04	512.79
- Work-in-progress	360.73	126.94
	2,216.57	1,250.72
Closing inventory		
- Finished goods	705.41	1,004.80
- Stock-in-trade	891.86	851.04
- Work-in-progress	195.88	360.73
	1,793.15	2,216.57
	423.42	(965.85)

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

24 Employee benefits expense

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Salaries, wages and bonus	2,739.36	2,874.82
Contribution to provident and other funds (refer note 31(a))	191.82	206.27
Share based payment expenses (refer note 30)	2.83	(281.09)
Staff welfare expenses	142.35	114.73
Total	3,076.36	2,914.73

25 Finance costs

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Other interest expenses	5.10	3.08
Total	5.10	3.08

26 Other expenses

	<i>(Rs. in lakhs)</i>	
For the year ended	31 March 2020	31 March 2019
Consumption of stores and spares	88.84	118.82
Power and fuel	181.51	167.42
Rent (refer note 27b and 42)	20.84	43.91
Repairs and maintenance		
- Plant and machinery	54.32	51.59
- Building	58.95	49.10
- Others	24.39	15.71
Insurance	29.39	15.07
Rates and taxes	245.60	33.46
Communication expenses	19.61	19.39
Travel and conveyance	182.77	311.94
Legal and professional charges (refer note (a) below)	104.78	116.98
Selling, distribution and advertisement expenses	817.57	1,177.59
Freight outward	211.22	237.71
Royalty (refer note 29 (a))	335.82	376.13
Commission on sales	20.36	34.39
Corporate management fees (refer note 29 (b))	792.47	467.62
Expenditure towards corporate social responsibility activities (refer note 34)	79.00	37.00
Provision for doubtful debts (net)	58.81	45.84
Exchange gain on foreign currency transactions (net)	26.17	357.38
Miscellaneous expenses	305.71	66.82
Total	3,658.13	3,743.87

(a) Payment to auditors #

	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
As auditors:		
Audit fee	15.00	13.00
Tax audit fee	3.00	3.00
Others	4.85	-
Reimbursement of out-of-pocket expenses	0.70	0.83
Total	23.55	16.83

Excluding goods and service tax.

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

27 (a) Finance lease obligations

The Company has taken vehicles under finance lease agreements. The minimum lease rental payments under the finance leases are as under:

	31 March 2020*			31 March 2019		
	Future minimum lease payments (MLP)	Interest element of minimum lease payments (MLP)	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of minimum lease payments (MLP)	Present value of minimum lease payments
Within less than one year	-	-	-	15.71	0.88	14.83
Between one and five years	-	-	-	15.40	0.30	15.10
After more than five years	-	-	-	-	-	-
	-	-	-	31.11	1.19	29.93

27 (b) Operating leases

A. Leases as lessee

The Company has taken office premises, warehouse and residential premises under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenure of the lease is generally for eleven months to ninety six months. The minimum rental payments under the operating leases under non-cancellable lease term is as under:

Amounts recognised in profit or loss

	31 March 2020*	31 March 2019
Lease expenses – minimum lease payments	20.84	43.91
	20.84	43.91

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

28 Earnings per share

	<i>(Rs. in lakhs except for number of shares)</i>	
For the year ended	31 March 2020	31 March 2019
Net profit attributable to equity shareholders (for continuing operations)	2,329.67	2,015.42
Weighted average number of equity shares outstanding during the year	500,000	500,000
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	465.93	403.08
Diluted earnings per share (Rs.)	465.93	403.08
Net profit attributable to equity shareholders (for discontinued operations)	-	2,303.49
Weighted average number of equity shares outstanding during the year	500,000	500,000
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	-	460.70
Diluted earnings per share (Rs.)	-	460.70
Net profit attributable to equity shareholders (for total operations)	2,329.67	4,318.91
Weighted average number of equity shares outstanding during the year	500,000	500,000
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	465.93	863.78
Diluted earnings per share (Rs.)	465.93	863.78

29 Inter Company agreements and arrangements

a) **Intellectual property agreement** – The Company had entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 April 2009 for the payment of license fees in the form of royalties. Accordingly, the Company has incurred an expenditure of Rs. 335.82 lakhs for the year ended 31 March 2020 (2019: Rs.376.13 lakhs).

b) Support services and corporate management fees – In order to avail economies of scale , the Company has entered into inter-company services support services agreement with 3M Global Service Center Management Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009 , 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Company has incurred the following expenditure:

Particulars	31 March 2020	31 March 2019
- Laboratory and technical assistance manufacturing services	65.41	107.62
- Selling and marketing services	506.27	146.75
- Information technology services	-	18.34
- Other managerial services	220.79	194.91
Corporate management fee	792.47	467.62

The Company has accrued an amount of Rs. 189.97 lakhs (31 March 2019 : Rs. 129.78 lakhs) in respect of estimated liability for the above services during period 1 January 2020 to 31 March 2020, the actual liability would be ascertained by December 2020.

The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of Rs. 636.00 lakhs (31 March 2019 : Rs. 689.53 lakhs).

c) **Contract research agreement** – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 April 2009 for carrying out contract research activities. During the year, Company has recognized an income of Rs. 96.99 lakhs (31 March 2019 : Rs. 135.10 lakhs).

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

30 Employee stock option plan

A. Description of share based payment arrangements

i) Share purchase plan (equity-settled)

3M Company, USA, the ultimate holding Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 28.37 lakhs (2019: Rs. 31.07 lakhs) and cumulatively amounting to Rs. 143.51 lakhs (2019: Rs. 115.14 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 2.41 lakhs (2019: Rs. 11.08 lakhs) is pending remittance to the Ultimate holding Company and the same is included under 'Other financial liabilities'.

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

3M Company, USA, the ultimate holding Company has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs)/ restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. Exercise price of SARs and RSUs will be Nil. As of the year end a sum of Rs. 19.72 lakhs (2019: Rs. 68.7 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 17).

B. Measurement of fair values

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

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

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

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

C. Reconciliation of outstanding share options

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

	31 March 2020		31 March 2019	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	1,345	-	4,802	-
Granted	523	-	652	-
Forfeited and expired	652	-	-	-
Exercised	-	-	1,574	-
Transferred to 3M India Limited	-	-	2,535	-
Outstanding at the end	1,216		1,345	
Exercisable at the end	693		752	
Restricted stock unit				
Outstanding at the beginning	359	-	883	-
Granted	72	-	-	-
Forfeited and expired	-	-	304	-
Exercised	185	-	220	-
Outstanding at the end	246		359	
Exercisable at the end	-		195	

D. Expense recognised in Statement of profit and loss

An amount of Rs. 2.83 lakhs has been debited (31 March 2019: Rs. 281.09 lakhs has been credited) to the statement of profit and loss for the year and included under Employee benefits expense.

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

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)
31 Employee benefits
(a) Defined contribution plan

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

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

	<i>(Rs. in lakhs)</i>	
Benefits (contribution to)	31 March 2020	31 March 2019
Provident fund	124.85	135.04
Superannuation fund	12.38	14.73
Employee State Insurance Corporation	0.24	0.27
	137.47	150.04

(b) Defined benefit plan

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

	<i>(Rs. in lakhs)</i>	
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2020	31 March 2019
Obligation at the beginning of the year	402.52	416.48
Current service cost	42.86	45.04
Interest cost	28.06	28.74
Actuarial loss / (gains)	35.31	(11.06)
Benefits paid	(66.53)	(76.68)
Obligation at the end of the year	442.22	402.52

	31 March 2020	31 March 2019
B. Reconciliation of opening and closing balances of the fair value of plan assets		
Plan assets at the beginning of the year	208.81	269.22
Interest income on plan assets	16.57	17.55
Contribution by the Company	85.00	-
Remeasurements- Return on plan assets excluding amounts included in interest income	(16.80)	(1.28)
Benefits paid	(66.53)	(76.68)
Plan assets at the end of the year	227.05	208.81

	31 March 2020	31 March 2019
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet		
Present value of obligation at the end of the year	442.22	402.52
Fair value of plan assets at the end of the year	227.05	208.81
Net liability recognised in balance sheet	215.17	193.71

	31 March 2020	31 March 2019
D. Expenses recognized in the Statement of profit and loss		
Current service cost	42.86	45.04
Interest cost	28.06	28.74
Interest income on plan assets	(16.57)	(17.55)
	54.35	56.23

	31 March 2020	31 March 2019
E. Remeasurements recognized in Other comprehensive income		
Actuarial losses / (gains) on defined benefit obligation	35.31	(11.06)
Actuarial losses / (gains) on plan assets	16.80	1.28
	52.11	(9.78)

	31 March 2020	31 March 2019
F. Investment details of plan assets		
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including Special deposits)	14.04%	19.52%
Fund balance with Insurance companies	85.96%	80.48%
	100.00%	100.00%

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

31 Employee benefits (continued)

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

H. Sensitivity analysis	31 March 2020	31 March 2019
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(42.40)	(36.91)
Effect on defined benefit obligation due to 1% decrease in discount rate	49.22	42.74
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate	49.10	43.02
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate	(43.06)	(37.78)

(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amounts
1. March 31, 2021	21.49
2. March 31, 2022	28.62
3. March 31, 2023	30.53
4. March 31, 2024	24.96
5. March 31, 2025	26.74
6. March 31, 2026 to March 31, 2030	269.04

Notes :

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)
32 Related party transaction
Names of related parties and nature of relationship:

i) Ultimate holding company	3M Company, USA	
ii) Holding company	3M India Limited	
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M APAC RDC Pte Limited	3M Mexico
	3M Australia Pty Limited	3M Panama Pacifico S Der L.
	3M China Limited	3M Peru S.A
	3M Chile S.A.	3M Poland Sp. Z O.O
	3M Cn Shenzhen China	3M Saudi Arabia
	Cogent Systems, Inc.	3M South Africa Limited
	3M Do Brasil Limitada	Sumitomo 3M Limited
	3M EMEA, GmbH	3M Taiwan Ltd
	3M France S.A.	3M United Kingdom Plc
	3M Gulf Limited	3M Vietnam Limited
	3M Hellas Limited	Cuno Europe (France)
	Cuno Pacific Pty Ltd Australia	Cuno Inc (USA)
	3M Innovation Singapore Pte Ltd	Cuno K.K (Japan)
	3M Lanka Pvt Limited	3M Italia S.P.A.
	3M Malaysia Sdn.Bhd	3M Korea Hitech Limited
	3M Material Tech(Guangzhou) Co., Limited	3M Korea Limited
	3M Costa Rica, S.A.	Cuno 3M Germany
	3M Nederland B.V.	Cuno 3M Poland
	Pouyet Sa 3M Telecommunication	Cuno 3M Trading Shanghai China
	3M Global Service Management Company	
iv) Post employment-benefit plan entities	3M E&C Employees Gratuity Fund Trust	
	3M E&C Employees Superannuation Fund Trust	
v) Key management personnel	R. Vijay Kumar, Managing Director (Resigned effective 29 August 2018)	
	Lala Chandrashekar Das, Managing Director (Resigned effective 30-Sep-2020)	
	Vijay Krishanan V, Director	
	Kuppanda Ayappa Appiah, Director	

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

Name of related party	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Trade payables		
3M Company, USA	568.45	776.12
3M APAC RDC Pte Limited	21.86	49.57
3M China Limited	100.39	580.88
3M Do Brasil Limitada	101.87	94.26
3M EMEA, GmbH	193.25	456.60
3M India Limited	-	101.26
3M Innovation Singapore Pte Ltd	350.95	27.58
3M Korea High Tech, Korea	2.21	27.57
3M Material Tech(Guangzhou) Co Limited	323.58	19.49
3M Poland Sp. Z O.O	19.80	-
3M South Africa Limited	-	0.31
Sumitomo 3M Limited	3.91	3.53
3M Taiwan Limited	33.46	16.52
3M United Kingdom Plc	0.29	-
3M Korea Limited	3.90	0.87
3M Panama Pacifico S Der L.	6.11	36.22
Cuno Pacific Pty Ltd Australia	3.43	32.32
	1,733.46	2,223.10

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

32 Related party transactions (continued)

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

Name of related party	31 March 2020	31 March 2019
Other financial liabilities		
3M Company, USA	260.82	125.92
	260.82	125.92
Trade receivables		
3M Company, USA	-	1.33
3M India Limited	4.16	5.34
3M Australia Pty Limited	-	1.00
3M Chile S.A.	-	19.91
3M EMEA, GmbH	-	22.12
3M Gulf Limited	0.38	6.58
3M Malaysia Sdn.Bhd	-	0.07
3M Peru S.A	-	0.50
3M Saudi Arabia	-	0.40
3M Costa Rica, S.A.	0.51	-
3M Nederland B.V.	0.66	-
Pouyet Sa 3M Telecommunication	-	0.29
3M United Kingdom Plc	-	1.75
	5.71	59.29
Other financial assets		
3M India Limited	-	11.97
Lala Das Chandrashekar	-	10.00
	-	21.97
Remuneration paid to Key management personnel #		
R. Vijay Kumar	-	89.84
Lala Chandrashekar Das	99.15	80.92
	99.15	170.76
# Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.		
Sales of products (net of returns)		
3M Company, USA	(0.26)	2.16
3M India Limited	44.76	12.19
3M Australia Pty Limited	0.87	2.02
3M Chile S.A.	37.31	71.75
3M Costa Rica, S.A.	0.47	-
3M EMEA, GmbH	106.66	197.83
3M Gulf Limited	7.09	10.22
3M Hellas Limited	-	90.74
3M Korea Limited	-	0.91
3M Lanka Pvt Limited	0.55	23.12
3M Malaysia Sdn.Bhd	-	1.97
3M Peru S.A	2.53	0.50
3M South Africa Limited	10.83	-
3M Saudi Arabia	0.48	2.77
3M Nederland B.V.	0.61	-
3M Vietnam Limited	33.94	61.97
3M APAC RDC Pte Limited	0.12	-
	245.96	478.15
Contributions during the year		
3M E&C Employees Gratuity Fund Trust	85.00	-
3M E&C Employees Superannuation Fund Trust	12.38	14.73
	97.38	14.73

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)
32 Related party transactions (continued)
Details of the related party transactions entered into by the company are as follows (continued):

	<i>(Rs. in lakhs)</i>	
Name of related party	31 March 2020	31 March 2019
Income from contract research		
3M Company, USA	96.99	135.10
	96.99	135.10
Income from management support services		
3M Company, USA	636.00	689.53
	636.00	689.53
Purchase of materials (net of returns)		
3M Company, USA	1,452.24	1,063.29
3M India Limited	-	94.58
3M APAC RDC Pte Limited	291.45	244.70
3M China Limited	545.74	1,001.24
3M Do Brasil Limitada	444.01	328.14
3M France S.A.	-	32.40
3M Innovation Singapore Pte Ltd	323.99	245.92
3M Italia S.P.A.	354.52	480.57
3M Korea High Tech, Korea	9.61	20.97
3M Korea Limited	15.76	14.25
3M Material Tech(Guangzhou) Co., Limited	934.49	96.67
3M Panama Pacifico S Der L.	68.51	102.33
3M South Africa Limited	-	0.13
Sumitomo 3M Limited	2.05	11.56
3M Taiwan Ltd	83.17	82.71
3M United Kingdom Plc	17.56	132.66
Cuno 3M Germany	114.65	197.25
Cuno 3M Poland	2.77	106.28
Cuno Europe (France)	25.01	10.39
Cuno Inc (USA)	1,158.94	1,746.10
Cuno K.K (Japan)	9.74	11.83
Pouyet Sa 3M Telecommunication	-	2.42
Cuno Pacific Pty Ltd Australia	145.46	115.35
	5,999.67	6,141.74
Corporate management fees (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	-	467.62
3M Global Service Management Company	792.47	-
	792.47	467.62
Royalty (excluding ineligible portion of Goods and Service Tax)		
3M Company, USA	335.82	376.13
	335.82	376.13
Recharges of expenses received		
3M Company, USA	67.31	-
3M India Limited	5.57	-
	72.88	-
Recharges of expenses paid		
3M India Limited	202.06	201.57
	202.06	201.57

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

A. Basis for segmentation

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Effective 1 April 2019, The Company realigned its former two business segments into three, the new business segments are Safety and Industrial, Transportation and Electronics and Health Care. Existing divisions were largely realigned to this new structure. The Company operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments. The Company has 3 reportable segments, as described below. For each of the segments, the Company's Managing Director, who is the CODM, reviews internal management reports on at least a quarterly basis.

Segment revenue, results, assets and liabilities figures include the respective amounts identifiable to each of the segments. Other unallocable income net off unallocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Company as a whole.

The following summary describes the products included in each of the Company's reportable segment:

Reportable segments	Products
Safety & Industrial	Major products in this segment includes the Cable jointing kits ranging from 1.1Kv to 132 KV, Heatshrink, Coldshrink, Kastex, Busbar tubes, DIY Electrical kits. Main distribution frames, Digital distribution frames, Fibre management systems, Structural cabling solutions, Weather proofing solutions and related services (contract research and management support service fee).
Transportation & Electronics	Electrical Insulation Tapes
Health Care	Major products include various kinds of water filters, water softeners, Hi flo filters, Wholehouse filters, Zeta +, related products and related services (contract research and management support service fee).

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	<i>(Rs. in lakhs)</i>	
	31 March 2020	31 March 2019
Segment revenue (revenue from operations)		
a) Safety & Industrial	15,727.46	14,804.55
b) Transportation & Electronics	1,121.35	843.51
c) Health Care	5,126.67	4,786.81
d) Others	245.97	478.17
Revenue from continuing operations	22,221.45	20,913.04
Revenue from discontinued Operations	-	782.93
Total revenue	22,221.45	21,695.97
Segment results		
a) Safety & Industrial	2,006.56	2,938.66
b) Transportation & Electronics	(72.74)	(757.74)
c) Health Care	788.21	236.95
d) Others	78.10	193.21
Segment results from continuing operations	2,800.13	2,611.08
Segment results from discontinuing operations	-	3,262.73
Total results	2,800.13	5,873.81
Less : Interest expense	5.10	3.08
Add: Other un-allocable income net off un-allocable expenditure	431.24	399.96
Profit before tax	3,226.27	6,270.69
Tax expense	896.60	1,951.78
Profit after tax	2,329.67	4,318.91

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

33 Segment Reporting (continued)

	31 March 2020	31 March 2019
Segment assets		
a) Safety & Industrial	6,043.44	7,093.39
b) Transportation & Electronics	139.94	277.13
c) Health Care	1,251.27	1,744.90
d) Others	-	-
e) Unallocated corporate assets	14,872.54	11,937.09
Assets of continuing operations	22,307.19	21,052.51
Assets of discontinued operations	-	-
Total Assets	22,307.19	21,052.51
Segment liability		
a) Safety & Industrial	1,551.48	2,415.77
b) Transportation & Electronics	119.56	148.01
c) Health Care	581.88	789.19
d) Others	-	-
e) Unallocated corporate assets	1,963.05	1,899.00
Liabilities of continuing operations	4,215.97	5,251.97
Liabilities of discontinued operations	-	-
Total liabilities	4,215.97	5,251.97
Capital expenditure		
a) Safety & Industrial	139.46	368.54
b) Transportation & Electronics	-	-
c) Health Care	-	-
d) Unallocated capital expenditure	-	-
Total capital expenditure	139.46	368.54
Depreciation and amortisation expenses		
a) Safety & Industrial	140.72	155.65
b) Transportation & Electronics	-	1.06
c) Health Care	26.77	31.26
d) Unallocated capital expenditure	28.06	-
Depreciation / amortisation expenses continued operations	195.55	187.97
Depreciation / amortisation expenses discontinued operations	-	-
Total Depreciation / amortisation expenses	195.55	187.97
Non cash expenses other than depreciation and amortisation expense		
a) Safety & Industrial	56.88	-
b) Transportation & Electronics	4.09	-
c) Health Care	18.30	-
d) Others	-	-
e) Unallocated	-	45.84
Total non cash expenses	79.27	45.84

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

34 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 79.00 lakhs (31 March 2019: Rs. 52.49 lakhs) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current and previous year:

For the year ended	31 March 2020	31 March 2019
(i) Amount spent other than for construction / acquisition of any asset	79.00	37.00
(ii) Amount not spent	-	15.49
Total	79.00	52.49

35 Contingent liabilities and commitments

As at	31 March 2020	31 March 2019
a) Guarantees:		
- Issued by Company's bankers	1,383.82	1,238.69
b) Claims against the Company not acknowledged as debts:		
- Trade claims/ demands	74.23	74.23
- Income tax demand (including interest) (refer note (i) below)	620.10	667.87
- Sales tax matters (refer note (ii) below)	384.48	376.45
- Central excise duty matters (refer note (iii) below)	2,973.28	2,996.96

Notes:

(i) Income tax matters mainly relates to intercompany charges.

(ii) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002. These are pertaining to the years from 2009-10 to 2015-16. These cases are with respect to the matters pertaining to declaration forms.

(iii) Excise matters relates to valuation and allowability of CENVAT credit under the Central Excise Act.

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

Capital commitments	31 March 2020	31 March 2019
Estimated value of contracts in capital account remaining to be executed	6.66	33.55

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

36 Tax expenses

(a) Amount recognised in Statement of profit and loss

	<u>31 March 2020</u>	<u>31 March 2019</u>
		<i>(Rs. in lakhs)</i>
Current tax		
Current period (for continuing operations)	729.92	968.02
Current period (for discontinuing operations)	-	959.24
Current Period (for total operations)	<u>729.92</u>	<u>1,927.26</u>
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	166.68	24.52
Tax expense for the year	<u>896.60</u>	<u>1,951.78</u>

(b) Reconciliation of effective tax rate

	<u>31 March 2020</u>		<u>31 March 2019</u>	
Profit before tax (from continuing and discontinuing operations)		3,226.27		6,270.69
Tax at statutory income tax rate 25.17% (31 March 2019 - 29.12%)	25.168%	811.99	29.120%	1,826.02
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>				
Non deductible Expenses	0.31%	10.11	0.09%	5.75
Impact due to change in tax rate	2.08%	67.16	0.00%	-
Others	0.23%	7.34	1.91%	120.01
Income tax expense	<u>27.79%</u>	<u>896.60</u>	<u>31.12%</u>	<u>1,951.78</u>

(c) Deferred tax assets and liabilities are attributable to the following:

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax assets, net	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	208.76	174.69	-	-	(208.76)	(174.69)
Employee benefits expense	82.99	98.07	-	-	(82.99)	(98.07)
Provisions	279.06	451.61	-	-	(279.06)	(451.61)
	<u>570.81</u>	<u>724.37</u>	<u>-</u>	<u>-</u>	<u>(570.81)</u>	<u>(724.37)</u>

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

36 Tax expenses (continued)

(d) Movement in temporary differences

Particulars	Balance as at 1 April 2018	Recognised in profit or loss	Recognised in OCI	<i>(Rs. in lakhs)</i>		
				Recognised directly in equity	Others	Balance as at 31 March 2019
Property, plant and equipment	(142.71)	(31.97)	-	-	-	(174.68)
Employee benefits expense	(109.80)	15.09	3.38	-	-	(91.33)
Provisions	(499.76)	41.40	-	-	-	(458.36)
	(752.27)	24.52	3.38	-	-	(724.37)

Particulars	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	<i>(Rs. in lakhs)</i>		
				Recognised directly in equity	Others	Balance as at 31 March 2020
Property, plant and equipment	(174.68)	(34.08)	-	-	-	(208.76)
Employee benefits expense	(91.33)	21.46	(13.12)	-	-	(82.99)
Provisions	(458.36)	179.30	-	-	-	(279.06)
	(724.37)	166.68	(13.12)	-	-	(570.81)

e) Details of income tax assets and income tax liabilities

	31 March 2020	31 March 2019
Income tax assets (net)	1,108.11	941.01
Current tax liabilities (net)	-	(47.74)
Net current income tax asset/ (liability) at the end of the year	1,108.11	893.27

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

	31 March 2020	31 March 2019
Net current income tax asset / (liability) at the beginning of the year	893.27	856.79
Income tax paid	944.76	1,963.74
Current income tax expense	(729.92)	(1,927.26)
Net current income tax asset/ (liability) at the end of the year	1,108.11	893.27

37 Provision movement

	<i>(Rs. in lakhs)</i>		
	1 April 2019	Addition	Utilisation/ reversals
a) Sales tax, service tax and other issues	337.00	162.55	250.10
b) Credit notes and sales return	190.19	58.27	190.19
	527.19	220.82	440.29

	<i>(Rs. in lakhs)</i>		
	1 April 2018	Addition	Utilisation/ reversals
a) Sales tax, service tax and other issues	435.16	41.33	139.49
b) Credit notes and sales return	198.61	190.19	198.61
	633.78	231.52	338.10

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

38 Capital management

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

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

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

Particulars	31 March 2020	31 March 2019
Debt	35.76	29.93
Total equity	18,091.22	15,800.54
Debt to total equity ratio (%)	0.20%	0.19%

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

39 Financial Instruments - Fair values and risk management

A. Accounting classification and fair values

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

(Rs. in lakhs)

	Note	Carrying amount			Amortised cost	Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments		
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	2,775.98	2,775.98
Security deposits	7	-	-	-	41.58	41.58
Loans to employees	7	-	-	-	3.59	3.59
Other financial assets	11	-	-	-	177.90	177.90
Cash and cash equivalents	10	-	-	-	11,480.45	11,480.45
		-	-	-	14,479.50	14,479.50
Financial liabilities not measured at fair value						
Finance lease obligation	42	-	-	-	35.76	35.76
Trade payables	16	-	-	-	2,252.92	2,252.92
Other financial liabilities	17	-	-	-	1,009.56	1,009.56
		-	-	-	3,298.24	3,298.24

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

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

(Rs. in lakhs)

	Note	Carrying amount			Amortised cost	Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments		
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	4,148.69	4,148.69
Security deposits	7	-	-	-	46.31	46.31
Loans to employees	7	-	-	-	3.55	3.55
Other financial assets	11	-	-	-	235.95	235.95
Cash and cash equivalents	10	-	-	-	8,707.62	8,707.62
		-	-	-	13,142.12	13,142.12
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	29.93	29.93
Trade payables	16	-	-	-	3,353.00	3,353.00
Other financial liabilities	17	-	-	-	859.68	859.68
		-	-	-	4,242.61	4,242.61

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

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

39 Financial Instruments - Fair values and risk management (continued)

B. Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

i. Risk management framework

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

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(a) Financial assets that are not credit impaired

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

(b) Financial assets that are credit impaired

Trade receivables

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

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

The maximum exposure to credit risk for trade receivables by geographic region is as follows -

	<i>(Rs. in lakhs)</i>	
	Carrying amount	
	31 March 2020	31 March 2019
India	3,482.43	4,955.80
Other regions	1.55	53.95
	3,483.98	5,009.75

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows -

	Carrying amount	
	31 March 2020	31 March 2019
	Distributors	2,314.82
Other	1,169.16	2,486.90
	3,483.98	5,009.75
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	21.05	190.29
Net Receivables	3,462.93	4,819.46

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of Rs. 3,483.98 lakhs (31 March 2019: Rs. 5,009.75 lakhs, the exposure considered for expected credit loss is Rs. 3,462.93 lakhs (31 March 2019 : Rs. 4,819.46 lakhs). The balance which is not considered for impairment primarily pertains to intercompany receivables and secured debtors.

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

31 March 2020

	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	1,603.70	2.35%	37.46
0-90 days	1,107.35	5.58%	61.84
91-180 days	189.00	31.68%	59.88
181-270 days	47.11	70.16%	33.05
271-360 days	3.87	100.00%	3.87
> 360 days	511.90	100.00%	511.90
	3,462.93		708.00

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

39 Financial Instruments - Fair values and risk management (continued)

B. Financial Risk Management (continued)

31 March 2019

	Gross carrying amount	Weighted average loss rate	Loss allowance
Current (not past due)	2,645.71	3.17%	83.96
0-90 days	1,201.22	7.09%	85.15
91-180 days	374.35	35.46%	132.75
181-270 days	130.83	70.21%	91.85
271-360 days	173.59	100.00%	173.59
> 360 days	293.76	100.00%	293.76
	4,819.46		861.06

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

The movement in the allowance for impairment in respect of trade and other receivables is as follows:

	31 March 2020	31 March 2019
Balance as at 1 April	861.06	815.22
Unrealised during the year	(211.87)	-
Impairment loss recognised	58.81	45.84
Balance as at 31 March	708.00	861.06

iii. Liquidity risk

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

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

The table below provides details regarding the contractual maturities of significant financial liabilities -

31 March 2020

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Non-derivative financial liabilities					
Finance lease obligations	21.43	8.01	6.32	-	35.76
Trade and other payables	3,262.48	-	-	-	3,262.48
	3,283.91	8.01	6.32	-	3,298.24

31 March 2019

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Non-derivative financial liabilities					
Finance lease obligations	14.83	20.94	-	-	35.77
Trade and other payables	4,212.68	-	-	-	4,212.68
	4,227.51	20.94	-	-	4,248.45

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

39 Financial Instruments - Fair values and risk management (continued)

B. Financial Risk Management (continued)

iv. Market risk

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

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows.

	31 March 2020			31 March 2019		
	USD	EURO	Others	USD	EURO	Others
Trade and other payables	1,505.88	196.02	358.58	1,828.87	490.98	73.81
Trade and other receivables	1.55	-	-	53.95		
Net exposure in respect of recognised assets and liabilities	1,504.33	196.02	358.58	1,774.92	490.98	73.81

(Rs. in lakhs)

Sensitivity analysis

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

31 March 2020

USD (for 1% movement)
 EURO (for 1% movement)
 Others (for 1% movement)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	15.04	(15.04)	11.26	(11.26)
	1.96	(1.96)	1.47	(1.47)
	3.59	(3.59)	2.68	(2.68)
	20.59	(20.59)	15.41	(15.41)

31 March 2019

USD (for 1% movement)
 EURO (for 1% movement)
 Others (for 1% movement)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	17.75	(17.75)	12.58	(12.58)
	4.91	(4.91)	3.48	(3.48)
	0.74	(0.74)	0.52	(0.52)
	23.40	(23.40)	16.58	(16.58)

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

40 Research and development expenses

For the year ended	(Rs. in lakhs)	
	31 March 2020	31 March 2019
Capital expenditure	-	8.50
Revenue expenditure	369.50	411.77
	369.50	420.27

3M ELECTRO & COMMUNICATION INDIA PRIVATE LIMITED
Notes to the financial statements (continued)

41. Discontinued Operations:

During the previous year the company has sold the Communications markets division for a total consideration of 3,771.00 lakhs as a part of the transaction the Group transferred fixed assets having a book value of 599.34 lakhs. The transaction resulted in a total gain of 3,171.66 lakhs to the Group.

During the previous year the company has sold Cogent Division (part of Others segment) to Gemalto Digital Securities Private Limited as part of a global sale initiated by the Ultimate Holding Company for a total consideration of Rs. 942 lakhs during the year. As part of the transaction, the Group transferred fixed assets having a book value of Rs. 37.00 lakhs. This transaction resulted in a total gain of Rs. 905.00 lakhs to the company.

Results of discontinuing operations

	31 March 2020	31 March 2019
Revenues	-	782.93
Expenses	-	691.86
Profit before tax	-	91.07
Gain on disposal	-	3,171.66
Profit from discontinuing operations before tax	-	3,262.73
Income tax	-	959.24
Profit after tax	-	2,303.49

Cashflows from discontinuing operations

	31 March 2020	31 March 2019
Cash flow from Operating activities	-	662.28
Cash flow from Investing activities	-	-
Cash flow from Financing activities	-	-
Total	-	662.28
Sales consideration received	-	942.05
Net Cashflows for the year	-	1,604.33

42. Ind As 116

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

Particulars	Amount*
Right of Use	-
Lease Liability	-

* excluding reclassification from PPE and borrowings.

(b) The Company has taken vehicles on leases for employees. These leases typically run for a period of 4 year. Information about leases for which the Company is a lessee is presented below.

I. Right-of-use assets

Particulars	Vehicles
Balance as at 1 April 2019 (On adoption of Ind AS 116)	-
Reclassification pursuant to adoption of Ind AS 116 (refer note 4)	31.07
Additions during the year	28.73
Depreciation charge for the year	23.11
De-recognition during the year	-
Balance as at 31 March 2020	36.69

Lease liabilities

Maturity analysis – contractual discounted cash flows

The Company incurred Rs 20.84 lakhs for the year ended 31 March 2020 towards expenses relating to lease of low-value assets and short termed leases respectively. The total cash outflow for leases is 27.34 Lakhs (including interest of Rs. 5.10 lakhs) for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets. The Group has lease term extension options that are not reflected in the measurement of lease liabilities

43. The Board of Directors of the Company and its Holding Company 3M India Limited, at their Meetings held on November 13, 2019 had approved the Scheme of Amalgamation ("the Scheme") of the Company ("Transferor Company") with the Holding Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was April 1, 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Company's Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020. As the Company did not get the requisite approvals of 90% of the total number of Shares and 90% of the value (amount) of Creditors, the Scheme of Amalgamation did not go through under Section 233(1)(b) of the Companies Act, 2013. The Company will go ahead with an alternate plan for the merger.

44. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

Vikash Gupta
Partner
Membership number : 064597

Vijay Krishnan V
Director
[DIN: 07901688]

Kuppanda Ayappa Appiah
Director
[DIN: 07939378]

Place: Bengaluru
Date: 28 May 2020

Place: Bengaluru
Date: 28 May 2020