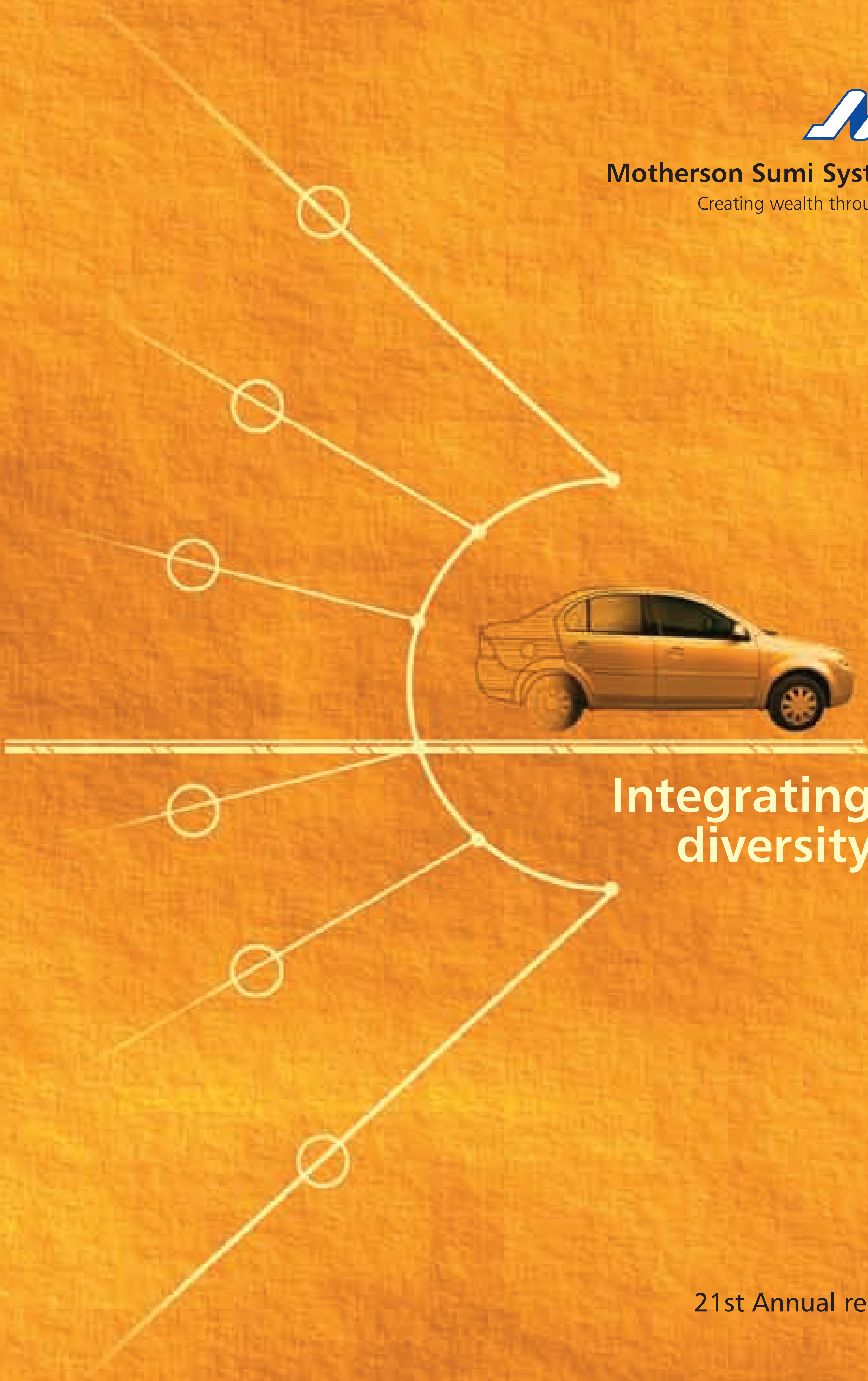
Motherson Sumi Systems Limited

Creating wealth through global synergies



Integrating diversity

21st Annual report 2007-08

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

What you will find where

Corporate information

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

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

Board of Directors
Mr. Vivek Chaand Sehgal *Chairman*
Mr. Toshimi Shirakawa *Director*
Mr. Mohinder Singh Gujral *Director*
Mr. Hiroto Murai *Director*
Mr. Bimal Dhar *Director*
Mr. Toshihiro Watanabe *Whole Time Director*
Maj. Gen. Amarjit Singh (Retd.) *Director*
Mr. Arjun Puri *Director*
Mr. Toshihide Ano *Alternate Director*
Mr. Pankaj K. Mital *Alternate Director*

Registered Office
3rd Floor, Bhageria House
43 Community Centre
New Friends Colony, New Delhi 110 025

Investor Cell
Mr. G.N. Gauba (Company Secretary & Chief Financial Officer)
E-mail: investorrelations@motherson.com

Registrar
Karvy Computershare Private Ltd
Karvy House, 46, Avenue 4, Street No. 1
Hyderabad 500034, Andhra Pradesh

Auditors
Price Waterhouse
Chartered Accountants
Building 8, 7th & 8th Floor, DLF Cyber City
Gurgaon 122 002, Haryana, India

Bankers
State Bank of India
ICICI Bank Ltd.
Citibank N.A.
HDFC Bank Ltd.
Bank of Tokyo Mitsubishi Ltd.
Axis Bank Ltd.

Integrating diversity

Diverse products. Various technologies. Spectrum of industries. Hundreds of customers. Dozens of applications. Numerous countries.

Motherson Sumi Systems Limited adds more value as a supplier.

It is a partner. Providing uniform, consistent and value-added solutions.

The Sumi Motherson Group

THE SUMI MOTHERSON GROUP IS A FOCUSED, DYNAMIC AND PROGRESSIVE GROUP PROVIDING CUSTOMERS WITH INNOVATIVE AND VALUE-ADDED PRODUCTS, SERVICES AND SOLUTIONS. THE COMBINED REVENUE OF THE GROUP WAS RS. 32 BILLION IN 2007-08.

The Group possesses a diversified business portfolio comprising electrical distribution systems (wiring harnesses), polymer processing, injection moulding tools, elastomer processing, modules and systems, machined metal products, cutting tools, IT services, design engineering, CAE services, sunroofs, vehicle air conditioning systems, lighting systems, cabins for off-highway vehicles, cutting tools and thin film coating metals.

The Group has invested in technologies that provide manufacturing support, including compressors, paint coating equipment, auxiliary equipment for injection moulding machines, sales, installation and servicing of industrial robots and automotive manufacturing engineering services. The Group has collaborations across all key technology areas.

The Group synergises the unique competencies of its partner companies to develop integrated solutions. These solutions comprise a range of applications across diverse industries. These companies also provide support through products and services that strengthen MSSL's position as a full-system solutions provider.

Motherson Sumi Systems Limited

MOTHERSON SUMI SYSTEMS LIMITED (MSSL), THE FLAGSHIP COMPANY OF THE SUMI MOTHERSON GROUP, IS A JOINT VENTURE BETWEEN MOTHERSON GROUP, SUMITOMO WIRING SYSTEMS (JAPAN) AND SOJITZ CORPORATION (JAPAN).

MSSL is a diversified company providing customised solutions to a spectrum of industries. The company, along with its subsidiaries and joint ventures, offers varied products in electrical distribution systems, plastic moulding, elastomer processing, tooling, metal machining, automotive rear view mirrors and integrated modules. The Company provides a complete range of services – from design to manufacture, supplies and logistics – to customers in India and abroad.

MSSL has collaborations with global technology leaders to bring world-class technology to serve its customers. Over the years MSSL has evolved from a manufacturer of components and assemblies to a full-system solutions provider. The company has emerged as a preferred source for higher level assemblies and complete modules.

MSSL's network of manufacturing facilities, design centres, representative offices and diverse collaborator presence has enabled it to service a growing pan-global customer base. MSSL has concentrated on products creating grater value. A blend of organic and inorganic initiatives has resulted in a sustainably robust performance.

Vision

To be a globally preferred solutions provider.

Mission

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

Values

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

Our market status

- The largest manufacturer of automotive wiring harnesses in India serving the entire automotive industry.
- One of the largest manufacturers and suppliers of plastic components to automotive industry.
- Largest manufacturer of rear view mirrors for passenger cars and MUVs in India with a 45 per cent-plus share in the segment.
- One of the most diversified groups in the Indian automotive industry.

Our facilities…

- Wiring harness manufacturing: 17
- Wire manufacturing: 3
- Fuse manufacturing: 1
- Tube manufacturing: 1
- Plastic moulding: 14
- Rubber injection moulding: 3
- Liquid silicon rubber injection moulding: 1
- Injection moulding tool manufacturing: 1
- Design engineering: 6
- IP/ cockpit assembly: 2
- Door trim manufacturing: 2
- Automotive mirror manufacturing: 2
- Metal machining: 3

Chairman's statement

By the virtue of our diversified portfolio, we have continuously added new products and enhanced our content per car.

Dear Shareholders

FOR DECADES, INDIA WAS SEEN BY THE WORLD AS AN AUTOMOBILE CONSUMER. OVER THE LAST DECADE, THE COUNTRY EMERGED AS A COMPONENT SUPPLIER TO THE WORLD. IN 2007-08, INDIA ANNOUNCED ITSELF AS AN AUTOMOBILE SUPPLIER TO THE WORLD.

The remarkable point is that India has migrated from the export of low-cost components to complete and complex assembled products and then to complete vehicle assembly in less than a decade. As India's captive consumption of vehicles grows, its capacity to amortise costs and strengthen its position as a global supplier will only increase. Finally, India is also attracting the attention and investment of global automobile giants, many of them already establishing manufacturing bases in the country.

A number of cultural and social reasons are also combining to prepare the ground for one of the world's most dynamic automobile markets in India – marked by a progressively younger population, a larger population of younger earners, a growing aspiration for better lifestyle, an enhanced willingness to acquire on credit and an increasing tendency to replace and upgrade, rather than live with one vehicle for life.

As a result, India's automobile under-penetration is correcting. India's passenger car and MUV segment grew 12 per cent in 2007-08 – one of the fastest growth rates in the world among the countries with sales in excess of a million units per annum.

This transition is of critical relevance to a company like ours that was born in the first phase of the automobile revolution in India, grew continuously across the second phase and holds significant market shares and presence at the cusp of the third.

Despite concerns of growing input prices, escalating fuel cost and increasing interest rates, our key segment of passenger cars and MUVs reported double-digit growths and is expected to grow faster than other segments over the coming years.

At Motherson Sumi, we are uniquely positioned to capitalise on emerging opportunities in India. We have been consistently outperforming market growth. By the virtue of our diversified portfolio, we have continuously added new products and enhanced our content per car. We are extending our value chain. We invested proactively in the manufacture of mirrors, polymer and rubber components. The result is that all our initiatives have now emerged as independent business segments, accounting for 34 per cent of our total revenues.

We manufacture products that are vehicle-critical. The wiring harness, contributing to 66 per cent of our revenues in 2007-08, represents the electrical heart of an automobile. Our product portfolio is enlarging; the proportion of revenues derived from wiring harnesses is declining (from 71 per cent in 2003-04 to 66 per cent in 2007-08) despite an increase in volumes. Besides, we have leveraged our knowledge and customer relationships to emerge as a supplier of automotive modules on the one hand and non-automotive products on the other.

Our acquisition of the Australia-based Empire Rubber has empowered us with new technologies and product range; the acquired company possesses the largest non-tyre related rubber mixing plant in Australia. The venture possesses extensive technical capabilities in the formulation and development of rubber compounds. It possesses an inventory of 1,900 material formulations across 15 polymers. These include orbitread tyre compounds, conveyor belting rubber compounds and automotive component rubber compounds. The facilities include rubber extrusion, bonded components, injection and compression moulding to make a range of components for automotive and industrial applications. These products can also be extended to our customers in India.

The performance of Balda Motherson Solution India Ltd. during the year was not up to expectations due to unexpected changes at the customer's end, resulting in a negative return on investments. We are working with our joint venture partner to revive the operations.

Our new joint venture with Calsonic Kansei, Japan added a completely new range to our product portfolio that will help the company graduate in the value chain with complete modules and high-technology products. The range includes HVAC modules (heating, ventilation and air conditioning systems), compressors, body control modules, meter clusters and other modules with a high potential across our customers.

During the year under review, we grew our business with all our major domestic and overseas customers. In some more instances, we emerged as the sole wiring harness suppliers. It is a significent achievement that during the year we received awards and recognition from all our major customers in India.

Besides, with the entry of global car makers like Nissan and Volkswagen in India, the domestic market has become attractive. The long association of our collaborators with these companies puts us in a better position to gain from these new opportunities.

There are, however, strong contrary market forces at play. On the one hand, the structural correction in national tax rates, incomes and aspirations is likely to keep the demand of automobiles robust; on the other, a probable market sluggishness may be influenced by rising fuel, steel, oil, commodity, interest and currency costs. With our diverse portfolio and a fairly de-risked model, we are optimistic of growing our incomes, these corrections notwithstanding. We have invested adequately in diverse alliances, capacities, people and portfolios to catalyse our growth.

In a rapidly changing environment, we will pursue only profitable growth. We will work towards our enunciated targets, focus on return on employed capital and create more value for all our stake holders.

Sincerely,

V.C. Sehgal
Chairman

Milestones*

1983
Commencement of wiring harness operations as a single-product business catering mainly to Japanese customers.

1986
Setting up of Motherson Sumi Systems Limited as a joint venture with Sumitomo Wiring Systems Limited (SWS), Japan, and Sojitz Corporation, Japan (formerly Nissho Iwai Corporation).

1989
Backward integration into wiring harness components and plastic parts.

1991
Backward integration into fuses (JV-Motherson Pudenz Wickmann Ltd.).

1993
Public issue of shares

1993
Launch of the wire division (Motherson Sumi Electric Wires).

1995
Manufacture of cockpit modules for Mercedes Benz.

1995
Commissioning of automotive mirror manufacturing (JV-Visiocorp Motherson Ltd.).

1997
Joint venture for wiring harness manufacture for Hyundai (JV-Kyungshin Industrial Motherson Ltd.).

1997
Commissioning of blow moulding operations (Motherson Automotive Technologies & Engineering).

1998
First bonus issue of equity shares.

1998
Commissioning of rubber component manufacture (technical agreement with WOCO).

1999
Establishment of the Austria office.

2000
Establishment of the Singapore office.

2000
Second bonus issue of equity shares.

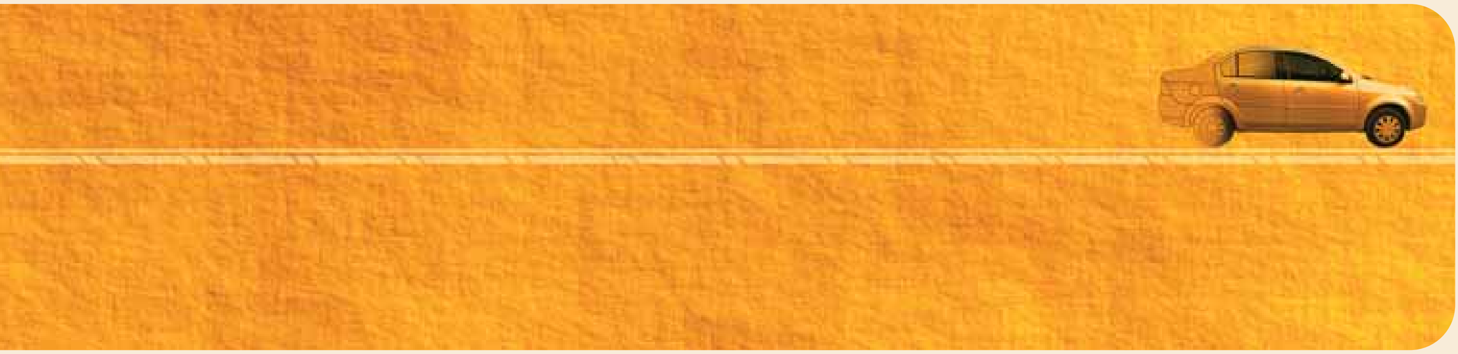
2001
Commissioning of liquid silicon rubber moulding facility in Sharjah (first overseas manufacturing base) – JV-Woco Motherson Ltd (FZC).

2001
Merger of Motherson Automotive Technologies & Engineering with MSSL.

2001
Merger of Motherson Sumi Electric Wires with MSSL.

2001
Commencement of wiring harness exports to collaborator from Bangalore.

2002
Acquisition of a company in Ireland (first overseas acquisition).



2002
Establishment of MSSL Mideast (FZE) in Sharjah (UAE).

2002
Setting up of MSSL Ireland Pvt. Ltd. in Ireland.

2003
Establishment of the UK office.

2004
Third bonus issue of equity shares.

2004
Transfer of MSSL rubber business to a new JV-Woco Motherson Elastomer Ltd.

2004
Establishment of the Germany office.

2005
Commencement of the manufacture of Aerobin – a waste management system (JV-Global Environment Management).

2005
Acquisition of plastic moulding business in Germany (MSSL Polymers GmbH).

2005
Acquisition of precision metal machining business in Germany (Mothersonsumi Reiner GmbH).

2005
Launch of an FCCB issue.

2006
Commencement of the rubber injection moulding unit in Kandla (JV-Woco Motherson Advanced Rubber Technology Ltd.).

2006
Acquisition of the plastic moulding business in The Czech Republic (MSSL Advanced Polymers s.r.o).

2006
Acquisition of wiring harnesses and modules business in the UK (MSSL GB Ltd).

2006
Establishment of MSSL Australia.

2006
Commencement of the joint venture with Sumitomo Wiring Systems (SWS) in Sharjah for wiring harness exports to SEWS, Europe.

2007
Fourth bonus issue of equity shares.

2007
Acquisition of rubber business in Australia (Motherson Elastomers Pty Ltd.).

2007
Joint venture with Calsonic Kansai for HVAC Systems (car air conditioning).

2008
Joint venture with Dremotec GmbH & Co. KG (ORCA) for precision machined components.

2008
Establishment of the Italy office.

* All current names used

Diversified product range

FOR A CUSTOMER, A SINGLE WINDOW THAT SERVES MULTIPLE NEEDS ENHANCES CONVENIENCE.

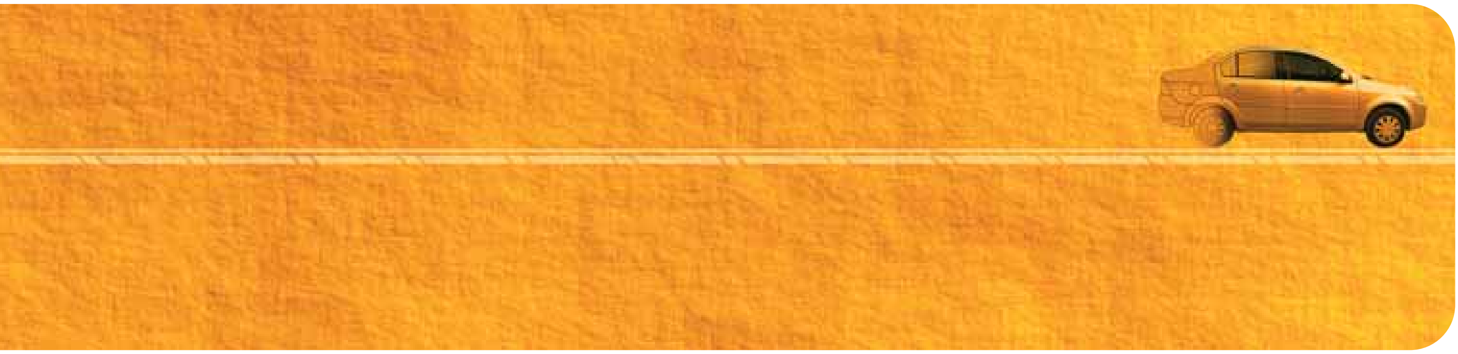
MSSL offers a range of products for varied applications. Over the years, the Company has leveraged its competence in existing areas and collaborated with global technology leaders to create products fulfilling the technical needs of its customers. MSSL has continuously added new products. And, in doing so, it has emerged as a single-service interface for multiple customer needs. Continuously growing its content per car.

It is this diversity of product range, coupled with the sheer depth within each product portfolio, that differentiates MSSL from its peer companies today.

Moulded plastic parts as small as a clip to as large as a bumper.

From functional plastic parts to aesthetic appearance parts... painted, printed and upholstered.

From a small component to fully integrated modules like dashboards and door trims.



Wiring harnesses from a simple single circuit to complex designs with hundreds of circuits...
from a few centimetres to 50 metres long.

Rubber components for automotive and industrial applications.

High precision machined metal parts for critical applications like fuel injectors.

Small moulds for a tiny connector to large moulds weighing a few tonnes.

Basic flat-plate automotive mirrors to electric mirrors loaded with features.

From AC ducts to complete car AC systems.

Integrating diversity

Capability is defined by available technology

Diverse technologies

Contemporary technologies in wiring harnesses.

A full range of moulding technologies, encompassing plastic injection moulding: gas assist moulding, two component moulding, thermoset moulding, blow moulding, compression moulding and post-moulding facilities.

Rubber injection moulding, liquid silicon injection moulding and rubber extrusion.

Comprehensive mould making technologies.

A full range of specialised and customised metal machining solutions.

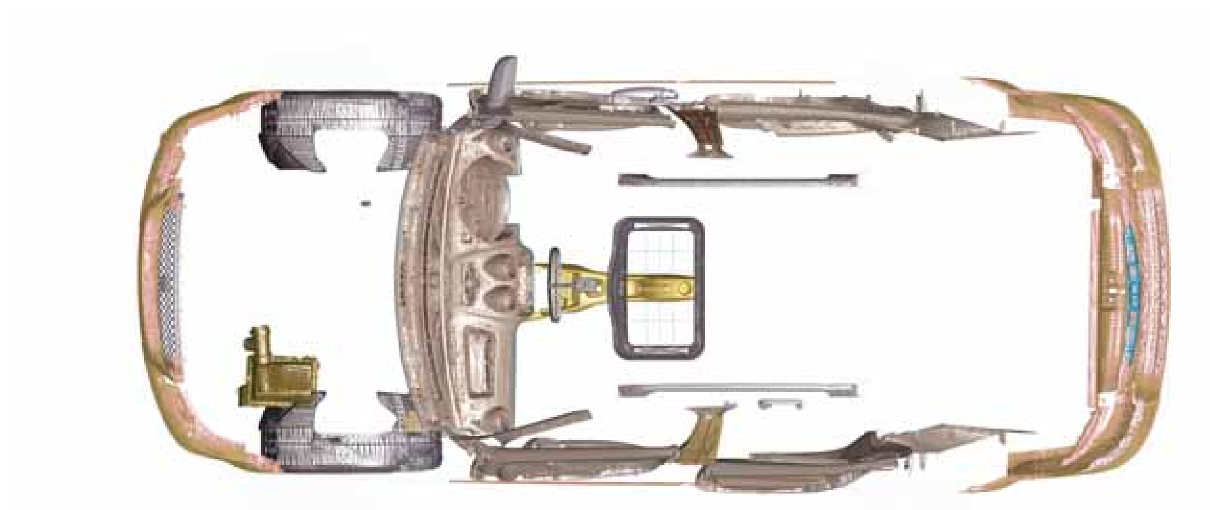
State-of-the-art assembly techniques.

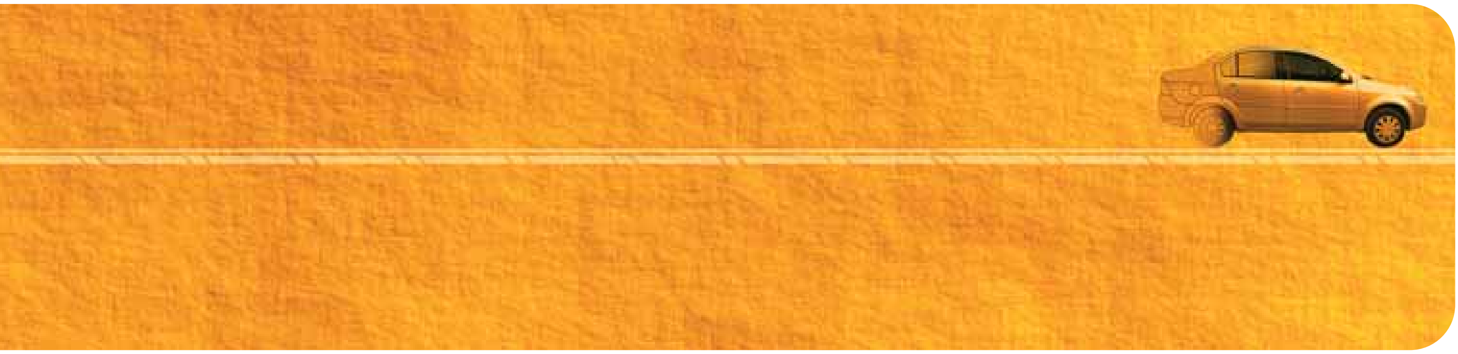
PRODUCT QUALITY IS GREATLY DEPENDANT ON TECHNOLOGY AND INFRASTRUCTURE.

MSSL has the advantage of employing state-of-the-art technologies supported by global alliances and facilities that are updated and expanded as per customer needs. MSSL has invested in technologies and infrastructure that is reliable, robust and ensures superior efficiencies.

MSSL possesses the flexibility to manufacture individual products or integrated modules using a combination of these technologies. For instance, for a typical door trim module project, MSSL created 29 moulds, developed and moulded 52 components using diverse technologies (compression moulding, thermoplastic injection moulding, thermoset injection moulding, gluing application for foam and fabric, vacuum forming, vinyl lamination, press punching, ultrasonic welding, heat staking, painting and fabric upholstery) and provided an integrated solution.

It is the amalgamation of these diverse technologies that enables MSSL to provide prompt and appropriate solutions for every client need.





Diverse solutions

Wiring harnesses: From design to manufacturing

Tooling: Design, prototyping, testing and trials, manufacturing

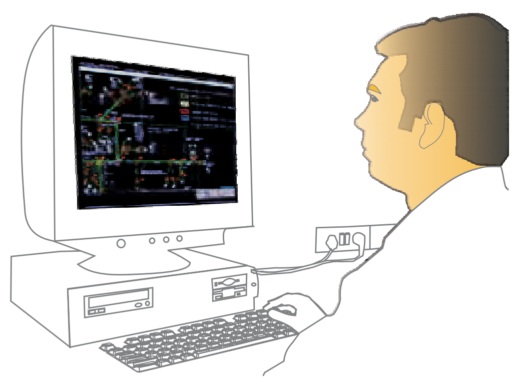
Components: Design, analysis, prototyping, tooling, moulding, assemblies

Mirrors: Design, prototyping, analysis and manufacturing

MSSL POSSESSES THE ABILITY TO PROVIDE END-TO-END SOLUTIONS FROM DESIGN TO FINAL MANUFACTURE SUPPORTED BY LOGISTICAL SOLUTIONS. MSSL PROVIDES CUSTOMERS THE FLEXIBILITY TO SELECT THE COMPLETE SOLUTION OR ONLY A PART OF THE SOLUTION.

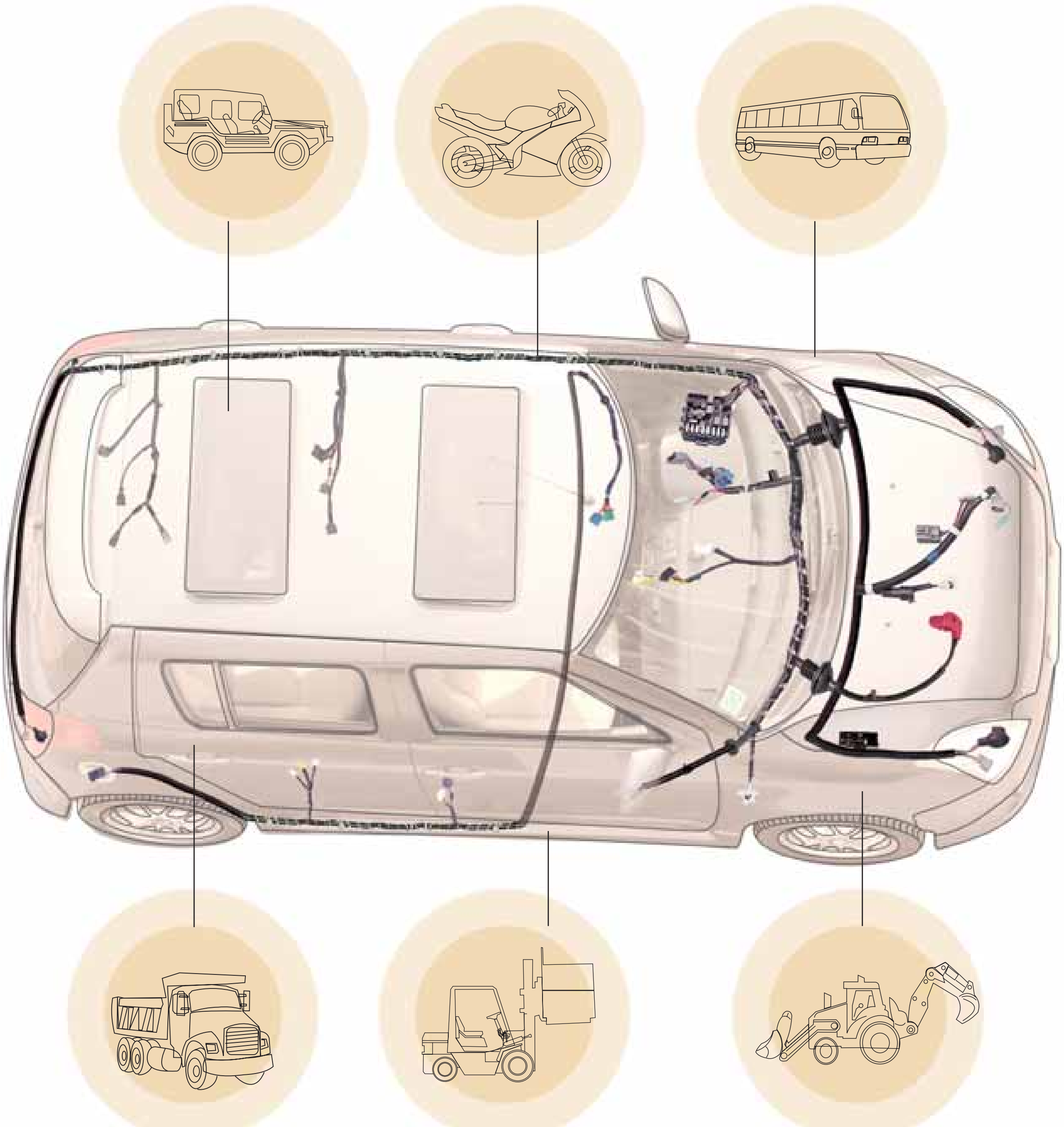
MSSL is strengthening its position as a globally preferred solution provider by offering end-to-end solutions encompassing designing from basic data to prototyping, tooling, moulding, assembly and integrated modules.

MSSL and its joint ventures have been partners in the design and development of wiring harnesses, plastic components, tooling and mirrors to leading automobile manufacturers in India. This ability to provide end-to-end solutions in each product category and combine these solutions in the form of full system solutions has enabled the Company to evolve as a preferred supplier.



Integrating diversity

Diverse customer segments



Diverse applications

Customer base spread over a spectrum of industries

Automotive, off-road vehicles, earthmoving and material handling equipment, agriculture and farm equipment, medical diagnostics, rubber and tyre industry, IT hardware, test and measuring, scientific equipment, elevators, boilers, lawn equipment, white goods, electronics, office automation and cameras…

MSSL possesses the ability to serve multiple industries with equal ease concurrent with the delivery of a growing value in each.

MSSL's technologies and infrastructure are versatile enough to service a variety of applications. The company has concentrated on enhancing its presence in industry niches through an increasing variety of products.

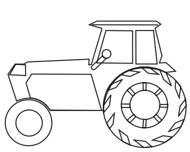
The Company has also demonstrated the ability to comprehend and cater to the needs of a wide range of industries, marked by diverse specifications, standards, requirements and logistics.

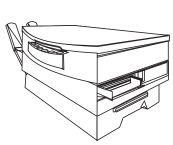
This extensive presence has strengthened MSSL's ability to de-risk its business model and emerge as an increasingly profitable company.

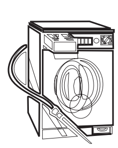
Serving almost every vehicle that moves on the road... and off the road.... as well as a number of widening applications

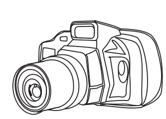
Cars, SUVs, trucks, buses, two-wheelers, trailers, dump trucks, garbage disposers, material handling and earthmoving equipment (including forklifts, cranes, bulldozers, road rollers, loaders), tractors, tillers, harvesters, lawnmowers, machines, microscopes, cameras, binoculars, elevators, office automation equipment, consumer electronics, medical equipment, diagnostic equipment, industrial mounts, computers…

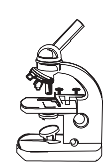
MSSL is increasing the list of applications with a widening product range, penetrating deeper into each segment.











Integrating diversity | # Global footprint

- **Manufacturing locations:** United Kingdom, Germany, The Czech Republic, Sharjah (UAE), Sri Lanka, Australia, India (Noida, Faridabad, Gurgaon, Manesar, Kandla, Pune, Bangalore, Chennai and Pondicherry).
- **Representative offices:** Germany, Austria, Singapore, Mauritius and India (Lucknow).
- **Design and development centres:** Ireland, Italy, Australia and India (Noida and Nashik).

Global reach

MSSL has presence in 12 countries with six design centres, six representative offices, three logistics centres and 50 manufacturing bases spread over Asia, Europe and Australia.

MSSL has developed a network of manufacturing bases, design centres, logistics centres, marketing support and sourcing hubs across a diversified geographical base. This imparts MSSL the advantage of proximity to customers, flexibility of alternative manufacturing and the ability to serve customers from India, UAE, Europe and Australia. Within India, MSSL enjoys a multi-locational manufacturing base with facilities located strategically close to major customer clusters.

Global customer base

MSSL serves more than 500 customers, covering 20 countries across Asia, Europe, North and South America and Australia. This demonstrates its ability in serving customers that are globally dispersed, supported by its robust logistics management.

Global vendor base

MSSL has a high degree of backward integration for key inputs along with a well diversified vendor base. Its international presence has translated into a cost-effective global procurement network with alternative sourcing options for most of its input materials.

Integrating diversity | Full system solutions

AN INCREASING NUMBER OF GLOBAL CUSTOMERS PREFER A SINGLE WINDOW SERVICE FOR THEIR MULTIPLE PROCUREMENT NEEDS.

In this respect, MSSL's strengths lie in its diversity and the ability to integrate that into full system solutions. From providing full system solutions in each individual product range, MSSL also provides total solutions integrating wiring harnesses, component design, tooling, moulded plastic and rubber components and machined metal parts. These solutions are supported by the flexibility to supply from any of the alternative manufacturing bases and logistic models best suited to customer requirements. This integration of diverse products and technologies leading to comprehensive solutions is a unique advantage, propelling the Company towards its vision 'to be a globally preferred solutions provider'.

MSSL attained a leading position in a number of segments it entered as diversification. With newer products, its content per unit increased, creating more value. This has enabled MSSL to develop a fairly de-risked model, reducing its dependence on a single product, segment, location, technology or vendor.

How MSSL reinforced its four-pronged product-market strategy

	Existing customer	New customer
New products	**New products in existing segments** Car heating, ventilation & air-conditioning systems and air filters for existing automotive customers.	**New products in emerging segments** Areobin waste management systems in Australia and machined metal components for IT industry and test & measuring equipment industry.
Existing products	**Existing products in existing segments** Continuously increasing penetration in each product range in the existing customer segments and increasing the share in each segment.	**Existing products in new segments** Wiring harnesses for material handling equipment and medical systems as well as plastic components for medical systems and commercial vehicles.

(demonstrative examples only)

Partnerships and alliances

Our principal partner

Sumitomo Wiring Systems Ltd, Japan

Background

- A 100% subsidiary of Sumitomo Electric Industries (Japan).
- A global supplier engaged in the manufacture and sale of wire harnesses, components and wires.
- Enjoys the second-highest share in wire harnesses in Japan and the third-highest share worldwide.

Collaboration

- Provided technical assistance for manufacturing wiring harnesses in 1983.
- Entered into a joint venture to form Motherson Sumi Systems Limited (MSSL) in 1986.
- Joint venture comprised the manufacture of wiring harnesses catering mainly to the needs of Japanese OEMs.
- Engaged as the principal partner of MSSL, initially providing an access to latest technologies for manufacturing wiring harnesses and wires and gradually providing technical support for wiring harnesses, components, injection moulded parts, mould manufacturing (through group companies), engineering design and software development (through joint ventures).

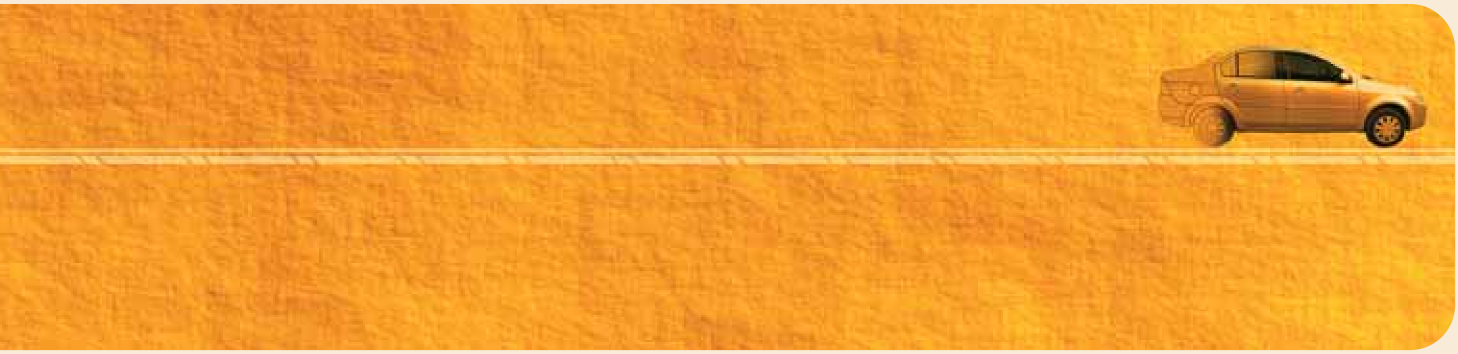
Support

- Pivotal in providing technical support to MSSL in the form of resident technical advisors, training of engineers and production personnel, manufacturing methodologies, Japanese manufacturing techniques, quality circle activities, kaizen as well as collaborative design and development.
- Instrumental in helping the Company stay abreast with state-of-the-art technologies, enhancing product quality at competitive costs.
- Buyback of wiring harnesses to SWS locations in Japan and Europe.

Subsidiaries, JVs and partners

Overseas subsidiaries

Location	Company	Product	Background
Sharjah (UAE)	MSSL Mideast FZE	Wiring harnesses	Assets purchased from the receiver of Wexford Electronics, Ireland and shifted to Sharjah
	MSSL Tooling Ltd. (FZE)	Injection moulding tools and plastics	Ventured into manufacturing injection moulding tools and plastic components
Australia	MSSL Australia Pty. Ltd.	Injection moulded plastics	Assets purchased from the receiver of Huon Corporation, Australia
	Motherson Elastomers Pty. Ltd.	Rubber compounding and rubber components	Taken over the business and assets of Empire Rubber, Australia, from Huon Corporation Pty. Limited (in liquidation)
Sri Lanka	Motherson Electrical Wires Lanka Private Limited	Wires	Ventured into manufacturing automotive wires
Europe	MSSL Polymers GmbH, Germany	Injection moulded plastics	Taken over G&S Kunststofftechnik GmbH, Germany from the receiver
	Mothersonsumi Reiner GmbH, Germany	Machined metal products	Taken over the business of Reiner Präzision GmbH, Germany
	MSSL GB Limited, UK	Wiring harnesses	Assets and business purchased from the receiver of ASL Systems Limited, UK
	MSSL Polymers s.r.o, Czech Republic	Plastic parts	Acquired F.P. Formagrau s.r.o., The Czech Republic
	MSSL Ireland Limited, Ireland	Engineering design and logistics centre	Assets purchased from the receiver of Wexford Electronics, Ireland



Joint ventures

JV partner	Company	Product	MSSL holding
JVs for the Indian market			
Kyungshin Industrial Co., Ltd. South Korea	Kyungshin Industrial Motherson Limited	Wiring harnesses (for Hyundai Motor India)	50.00%
Visiocorp Plc., UK	Visiocorp Motherson Limited (formerly Schefenacker Motherson Ltd.)	Automotive rearview mirrors	49.00%
Wilhelm Pudenz GmbH, WICKMANN Werke GmbH, Germany (part of Littelfuse)	Motherson PUDENZ WICKMANN Limited	Automotive blade fuses, fuse holders, electronic circuit protection components	56.00%
Balda AG, Germany	Balda Motherson Solution India Limited	Components and assemblies for communication industry	40.00%
Calsonic Kansei, Corp. Japan	Calsonic Kansei Motherson Auto Products Limited	Automotive components, modules and HVAC Systems	49.00%
Exports to collaborators			
Woco Franz Josef Wolf Holding GmbH, Germany	Woco Motherson Elastomer Limited	Injection moulded rubber components	33.30%
	Woco Motherson Ltd. (FZC), Sharjah	Liquid silicon rubber components	33.30%
	Woco Motherson Advance Rubber Technologies Ltd. (SEZ Kandla)	Injection moulded rubber components	33.30%
Sumitomo Wiring Systems Ltd., Japan	Motherson Sumi Wiring System Ltd. (FZC)	Wiring harnesses for global customers of SWS	51.00%
JVs for the international market			
E-Compost Pty. Ltd, Australia	Global Environment Management FZC	Waste management systems	50.01%
	Global Environment Management Pty. Ltd. Australia	Sales of waste management systems in Australia	50.01%
Dremotec GmbH & Co. KG (ORCA), Germany	Motherson Orca Precision Technology GmbH	Precision machined components	51.00%

What is propelling the key target segment growth?

1. India represents a gigantic irony in the global automobile industry.

Only seven Indians per thousand of the country's population own cars (180 in South Korea) on the one hand; India is the second fastest growing democracy in the world on the other.

India's per capita ownership of cars is probably a fourth of a peer country like Thailand on the one hand; it enjoys the 110th highest per capita GDP in the world (purchasing power parity) on the other.

The pronouncement: over the coming decade, India's car ownership will move closer to the global average.

2. The Indian automobile industry is at a tipping point.

Car penetration was just 2.99 per cent among families with an income between Rs 201,000 and Rs 1,000,000 around the turn of the century. It was a stunningly high 104 per cent in the Rs 1,000,000-plus segment around that time!

This demonstrates that as soon as Indians cross a certain income benchmark, car ownership becomes a necessity.

Interestingly, the number of Indian households earning between Rs 201,000 and Rs 1,000,000 are expected to increase from 16.4 million in 2005-06 to 28.5 million by 2009-10. The 'seekers' in India's population (defined as those with incomes ranging between Rs 200,000 and Rs 500,000 per annum) are expected to increase from 4 per cent of the population in 2005 to 19 per cent by 2015 *(Source: McKinsey)*. Besides, India has the second fastest growing population of high net worth individuals (HNI) in the Asia-Pacific region, growing by 20.5% from 83,000 in 2005 to 100,015 in 2006 *(Source: Economic Times).*

The inference: more people, more income, more cars.

3. Good economy or bad economy, the one sector that continues to stay robust is that of passenger cars.

Consider this: The automobile industry produced 1,762,131 passenger cars in 2007-08, compared to 1,545,223 in 2006-07.

Going ahead, the picture continues to be cheerful. Within only three years from FY07, the sale of passenger cars within India is expected to increase from nearly 1.4 million to 2.05 million, a CAGR of 14 per cent *(Source: Edelweiss)*. This is one of the fastest growth rates among global markets in excess of a million vehicles per annum.

The long-term outlook appears to be as compelling. India currently has 60 million vehicles on the road and the number is expected to reach 600 million by 2030 *(Source: The Telegraph)*.

The conclusion: more cars, more growth.

4. India is the second fastest growing passenger car market in the world in percentage terms (from among those selling at least a million vehicles a year).

India recorded a sale of 1.5 million passenger cars in 2007-08; the country's share of the global passenger car industry grew from 1.82% in 2005-06 to 2.35% in February 2008 even as it began to decline in the US from 31% to 27.11% during the same period *(Source: Global Auto Report, Scotiabank Group).*

This reality has driven the attention of a number of global automobile giants who are investing aggressively and enhancing India's automobile capacity from 2.2 million units per annum to 4.4 million by 2010 *(Source: Automotive Mission Plan)*.

The outcome: Expanded industry, accelerated demand.

5. A greater propensity to save and buy a car today than ever before.

This trend reflected clearly in the average Indian's expenditure numbers over the last decade. Spending on transportation increased from 6% growth in 2002 to consistently above 10% between 2002 and 2007 and a high of 12.2% in 2006-07 – the third highest in annual growth numbers across expenditure categories.

The bottomline: a consumer pull for automobiles.

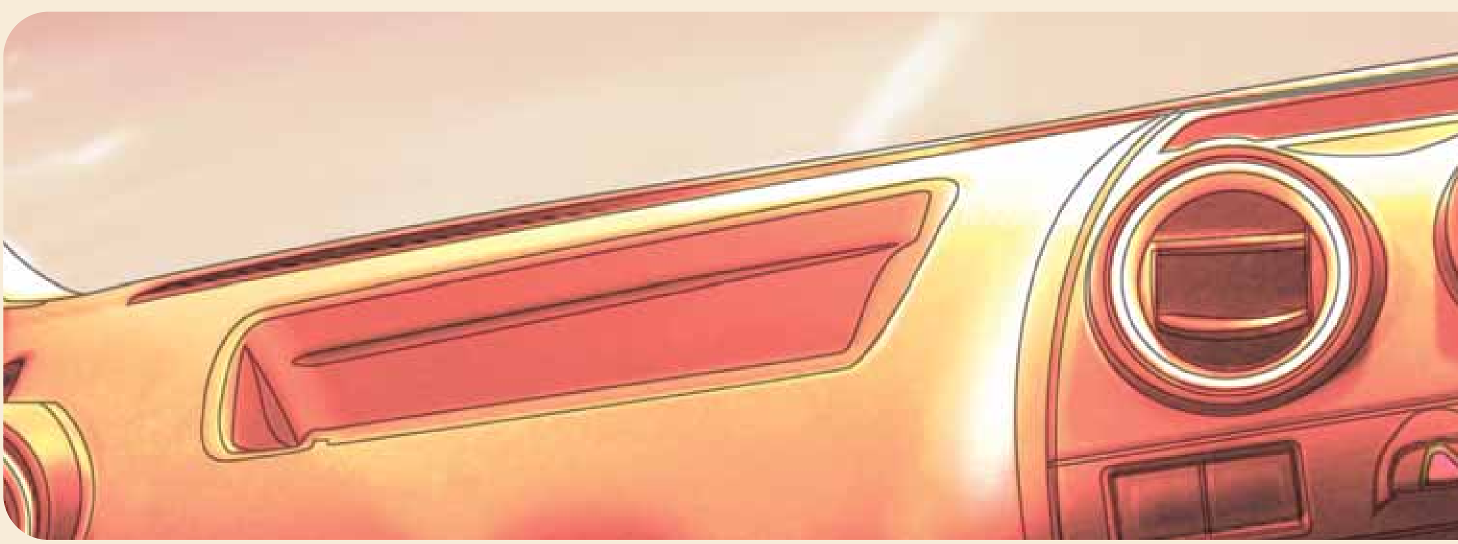
MSSL's strengths

MSSL's success is the result of the collective ability of a resource pool of highly trained and skilled professionals across 50 locations and 12 countries in four continents.

- **Product portfolio and range:** MSSL offers products ranging from wiring harnesses to injection moulding tools, plastic components, rubber moulded and extruded components, automotive mirrors, waste management systems, machined metal components, vehicle air conditioning systems and integrated modules like door trims and cockpits. Within each segment, the Company provides a comprehensive range of products tailored to specific customer needs across various industries.

- **Design capability:** MSSL possesses design centres in India and abroad with capabilities in designing wiring harnesses, wiring harness components, moulded plastic components, injection moulding tools, rear view mirrors and complete modules. MSSL also derives synergies from Sumi Motherson Group's capabilities in design engineering and CAE services. MSSL provides design solutions for automotive, consumer durables, off-road vehicles and other industries.

- **Integrated solutions:** The strength of MSSL lies in its ability to integrate diverse products and technologies into comprehensive solutions provided by its numerous manufacturing bases.



- **Quality:** MSSL, its subsidiaries and joint venture companies are accredited with globally accepted quality systems like ISO 9001, QS 9000, VDA 6.1, TS 16949 and customer-specific quality management systems, making it possible to deliver products with consistent quality that match demanding customer expectations worldwide.

- **Alliances and partnerships:** MSSL offers contemporary products using latest technologies through enduring business-enhancing collaborations. MSSL has collaborated with 10 international partners from five countries.

- **Presence:** MSSL enjoys a presence in 12 countries with manufacturing bases in 50 locations across the world, generating revenues from over 500 customers in 20 countries.

- **Niche:** MSSL has emerged as a specialist in niche areas relatively under-populated by competition. MSSL has focused on strategically selected segments in target industries and created leadership positions.

- **Market share:** MSSL pioneered the introduction of integrated wiring harnesses and wood stock door trims in India. It accounts for the largest share of passenger car wiring harnesses (65%) and automotive wires in India. It is among the largest plastic component suppliers to the automotive industry. It is the largest OE manufacturer of rear view mirrors for passenger cars in India (45%).

- **Customer relationships:** MSSL enjoys trusted and longstanding relationships with major players of the Indian and global automobile industry. Being a highly customer-focused company, MSSL has always offered highly customised solutions to its clients.

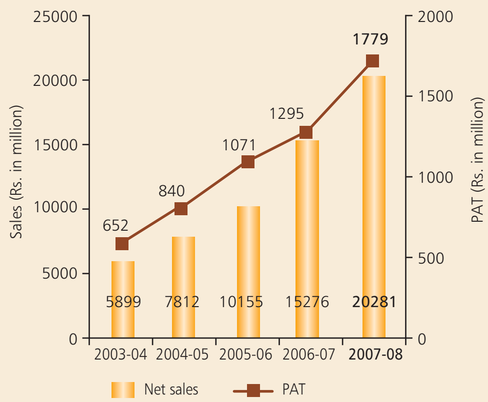
- **Investor returns:** MSSL has delivered attractive investor returns: Rs 1000 invested in MSSL in 1993 would have grown to Rs 167,000 (approx.) as on today (including dividends received).

Financial highlights, 2007-08

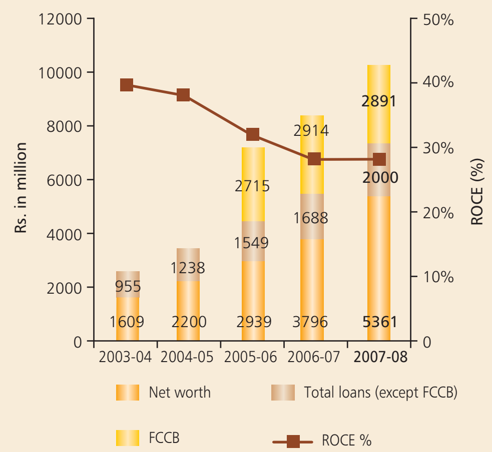
Consolidated

Parameters	2007-08	2006-07	% change
Sales - Net of excise			
Within India	12,817.25	9,751.45	31.4%
Outside India	7,464.00	5,524.29	35.1%
Total sales	20,281.25	15,275.74	32.8%
EBIDTA	3,352.75	2,507.34	33.7%
Profit before tax	2,264.35	1,624.71	39.4%
Profit after tax (Net)	1,778.62	1,295.19	37.3%
Earning per share - Rs. per share	5.03	3.67	37.1%
Reserves and surplus	5005.15	3,561.25	40.5%
Loan funds	1999.81	1,687.80	18.5%
Foreign currency convertible bonds	2891.41	2,914.08	(0.8%)

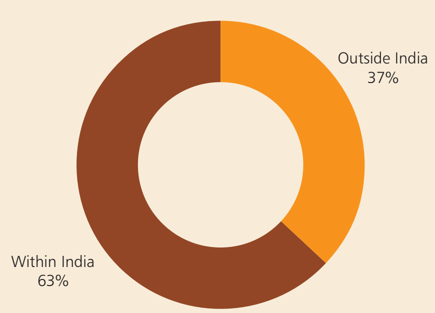
Net sales & profit after tax



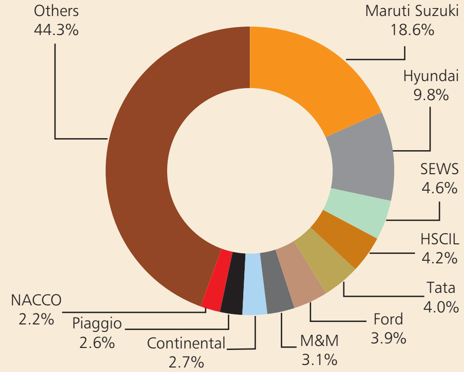
Capital employed & ROCE



Sales break-up



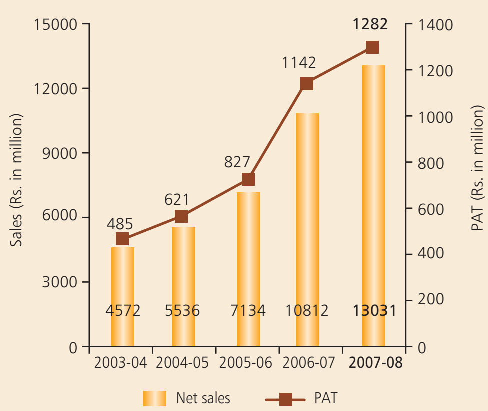
Sales profile



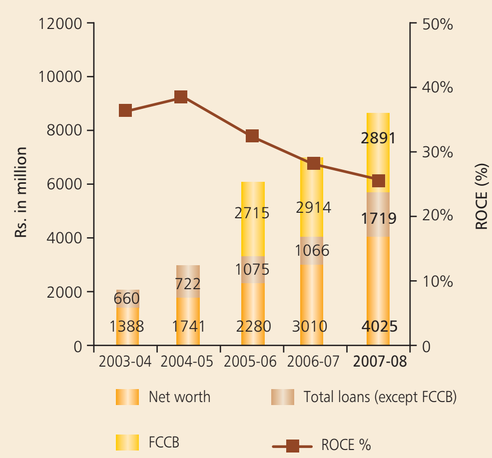
Standalone

Parameters	2007-08	2006-07	% change
Sales - Net of excise			
Within India	10,420.37	8,376.36	24.4%
Outside India	2,610.64	2,435.83	7.2%
Total sales	13,031.01	10,812.19	20.5%
EBIDTA	2361.28	2041.95	15.6%
Profit before tax	1,641.99	1,416.58	15.9%
Profit after tax (Net)	1,281.92	1,141.78	12.3%
Equity capital	355.55	234.89	51.4%
Earning per share - Rs. per share	3.63	3.24	12.0%
Reserves and surplus	3,668.96	2,774.92	32.2%
Loan funds	1719.21	1065.96	61.3%
Foreign currency convertible bonds	2891.41	2914.08	(0.8%)

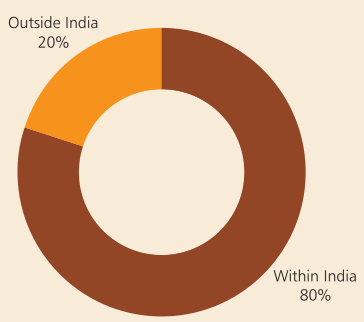
Net sales & profit after tax



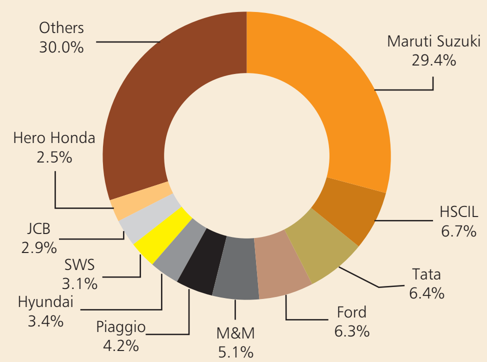
Capital employed & ROCE



Sales break-up



Sales profile



Customer recognition

Maruti Suzuki


Outstanding Overall Performance 2006-08

Superior Performance in Incoming Quality Improvement (2006-08)

Superior Performance in VA-VE (2006-08)


Award for System Audit Rating

Toyota Kirloskar Motor


Silver Award
Overall Supplier of the year


Best Safety Visualization

Zero PPM award

Hyundai


Best Vendor of the Year 2007

Honda Siel Cars


Gold Award for Delivery

Outstanding Performance in Quality, Cost & Delivery (Spare Parts)

TATA Motors


Best Vendor Quality 2007-08

Mahindra & Mahindra

Best Performance in SCM 2007-08

Honda Motorcycle & Scooter


Award for QCDDM 2007-08

Denso


Outstanding Overall Performance – 2007-08

JCB India


Best Supplier Award for Quality Improvement 2007

Sumitomo Wiring Systems Ltd.


Quality Improvement Award - 2007

Kandla Special Economic Zone (KASEZ)

Highest Export Award

Management Discussion and Analysis

Overview (2007-08)

Another year of robust growth:

The year 2007-08 was another year of growth for the automotive industry as well as for the Company. During the period, the consolidated revenues grew by 32.8% to Rs 20,281.24 million and on standalone basis, the revenues grew by 20.5% to Rs 13,031.02 million.

Rs in million

	2007-08	2006-07	% increase
Consolidated			
Wiring harnesses	13,351.61	9,802.84	36.2%
Polymer components	4,369.62	3,926.34	11.3%
Rubber/metal machined components	2,560.01	1,546.56	65.5%
Total	20,281.24	15,275.74	32.8%
Standalone			
Wiring harnesses	9,517.75	7,369.61	29.1%
Polymer components	3,119.50	2,969.69	5.0%
Rubber / metal machined components	393.77	472.89	(16.7%)
Total	13,031.02	10,812.19	20.5%

Some of the main achievements of the Company during the year 2007-08 were:

1. The company's wiring harness business crossed the Rs 10 billion mark and witnessed a healthy growth of 36% over the previous year.

2. The company acquired the business of Empire Rubber engaged in rubber compounding and insulation components in Australia from the administrator. This has contributed to a healthy growth of 66% for rubber / metal machined components.

3. In line with the company's policy of becoming a complete system solutions provider, the company entered into a joint venture with Calsonic Kansei, Japan, with 49% holding by MSSL. The new venture will manufacture HVAC systems, compressors and a variety of modules.

4. A part of FCCBs (Euro 4.60 million out of the total size of Euro 50.30 million) was converted into shares and listed at stock exchanges.

Financial review

Rs in million

	2007-08	2006-07	% change
Consolidated			
Sales	20,281.25	15,275.74	32.8%
Profit before interest, depreciation and tax (*)	3,378.70	2,587.94	30.6%
Profit before taxes	2,262.20	1,623.01	39.4%
Profit after taxes	1,778.62	1,295.19	37.3%
Earning per share (Rs)	5.03	3.67	37.1%
Standalone			
Sales	13,031.01	10,812.19	20.5%
Profit before interest, depreciation and tax (*)	2,387.24	2,122.56	12.5%
Profit before taxes	1,641.99	1,416.58	15.9%
Profit after taxes	1,281.92	1,141.77	12.3%
Earning per share (Rs)	3.63	3.24	12.0%

(*) represents excluding other income on account of sale of land and foreign exchange fluctuation on Foreign Currency Convertible Bonds (FCCBs).

In line with the company's conservative accounting policy, it makes provision for the premium payable on redemption of bonds (if not converted into shares) as charge to the Profit & Loss account. During the year 2007-08, the company has charged an amount of Rs 162.41million towards amortisation of premium and issue expenses. In addition to this, an amount of Rs 266 million has been provided for the re-instatement of FCCBs as on year-end.

Financial Position

The financial position and other highlights are as follows:

Rs in million

	2007-08	2006-07	% change
Consolidated			
Capital expenditure (Net)	1,695.18	1,457.16	16.3%
Net fixed assets	6,313.50	5,028.48	25.6%
Cash and bank balances	953.55	993.58	(4.0%)
Net current assets	3,732.90	2,949.23	26.6%
Net worth	5,358.71	3,796.15	41.2%
Foreign currency convertible bonds (FCCB s)**	2,891.41 (Euro 45.7 million)	2,914.08 (Euro 50.3 million)	(0.8%) (9.2%)
Loans other than FCCBs	1,999.80	1,687.80	18.5%
Loans (Net of cash & bank balances)	1,046.25	694.22	50.7%
Standalone			
Capital expenditure (net of disposals)	1,240.55	852.66	45.5%
Net fixed assets	4,319.79	3,317.66	30.2%
Cash and bank balances	326.61	365.92	(10.7%)
Net current assets	2,142.98	1,838.12	16.6%
Net worth	4,024.52	3,009.81	33.7%
Foreign currency convertible bonds (FCCBs) **	2,891.41 (Euro 45.7 million)	2,914.08 (Euro 50.3 million)	(0.8%) (9.2%)
Loans other than FCCBs	1,719.21	1,065.97	61.3%
Loans (Net of cash & bank balances)	1,392.60	700.05	98.9%

(**) Includes addition by Rs 243.83 million and Rs 199.39 million on re-instatement of FCCBs as on 31-3-2008 and 31-3-2007 respectively

During the year, the company issued 117.44 million bonus shares and also allotted 3.22 million shares on account of the conversion of FCCBs of Euro 4.60 million.

Sales performance

The sales performance of the company during the year 2007-08 on standalone and consolidated bases is as follows:

Rs. in million

	2007-08	2006-07	% increase
Consolidated			
Customers within India	12,817.24	9,751.45	31.4%
Customers outside India	7,464.00	5,524.29	35.1%
Total	20,281.24	15,275.74	32.8%
Standalone			
Customers within India	10,420.37	8,376.36	24.4%
Customers outside India	2, 610.64	2,435.83	7.2%
Total	13,031.02	10,812.19	20.5%

The company's sales to customers in India grew by 31% and 24% on consolidated and standalone bases respectively. Consolidated sales to customers outside India increased by 35% to Rs. 7,464 million, moving from 36% to 37% of the total sales.

The revenues of automotive and non-automotive business were as follows:

Rs. in million

Total revenue	2007-08	% of total	2006-07	% of total	% Increase
Consolidated					
Automotive	17,788.19	85.6%	13,007.24	84.0%	36.8%
Non-automotive	3,138.42	15.1%	2,654.69	17.2%	18.2%
Unallocated	(134.85)	(0.7%)	(180.74)	(1.2%)	25.4%
Total	2,0791.76	100.0%	15,481.19	100.0%	34.3%
Standalone					
Automotive	12,117.75	89.9%	9,368.20	85.2%	29.4%
Non-automotive	1,494.32	11.1%	1,760.65	16.0%	(15.1%)
Unallocated	(133.67)	(1.0%)	(131.78)	(1.2%)	(1.4%)
Total	13,478.40	100.0%	10,997.07	100.0%	22.6%

Domestic automotive industry

During the year, the Indian automotive industry, in particular the passenger car market has shown an impressive growth over 2006-07. The growth of the Indian automotive industry during the last three years, including 2007-08 was as follows:

Figures in thousand nos

Segment	2007-08	2006-07	2005-06
Passenger vehicles:			
◆ Numbers	1,754	1,545	1,309
◆ Growth rate	13.5%	18.0%	8.2%
Commercial vehicles:			
◆ Numbers	545	520	391
◆ Growth rate	4.8%	33.0%	10.6%
Two wheelers:			
◆ Numbers	8,009	8,444	7,601
◆ Growth rate	(5.1%)	11.1%	16.4%

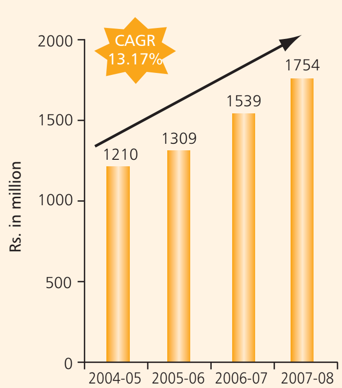
(Source: SIAM)

On the whole, in a trend similar to the last years, MSSL achieved significantly higher growth rate compared to the domestic automotive industry. This was achieved through increased business with customers within India as well as a significant increase in overseas sales. MSSL is able to create value addition in terms of increased content per car, as well as commencing supplies to existing customers for new models launched by them. In addition to these, MSSL increased its presence in segments like commercial vehicles where it was hitherto not significantly present.

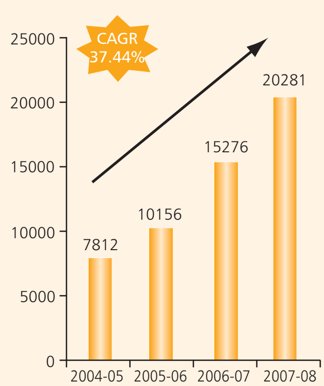
Performance of the company in the last four years:

The Indian passenger car industry grew by about 13% over the last four years. During the period, MSSL's domestic sales increased by 32%, whereas exports witnessed a healthy growth of 50%.

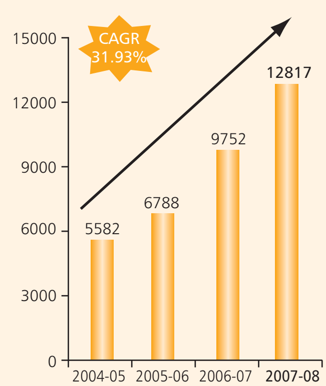
Cars & MUV



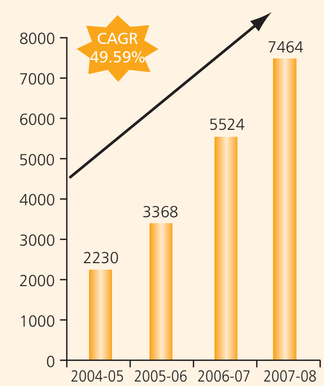
MSSL



MSSL - Domestic



MSSL - Export



Wiring harnesses

The company's brand is closely associated with wiring harnesses because of its long standing presence in this product segment, dominant market share and a high proportion of corporate revenues derived from it. The wiring harness division accounted for nearly two-third of the company's revenues and consistently enjoyed about 65% market share of the passenger car segment in India (including joint ventures). The division has the capability to design harnesses from the vehicle designing stage. There is a high degree of backward integration for the captive availability of critical inputs like wires, connectors, terminals, fuses and fuse boxes, tubes clamps and binders, grommets and seals, caps and sleeves etc., that facilitates consistent, just-in-time product supply and high quality. The company (including subsidiaries and JVs) manufactures wiring harness with 17 units spread across India, Sharjah, Ireland and the UK, strategically and logistically suited to serve major customer destinations. The combination of design, range, quality, infrastructure, technology and proximity helped MSSL emerge as a complete service provider in the field of wiring harnesses.

The existing customer base of MSSL spans the entire spectrum of the automotive industry, including passenger cars and MUVs, two wheelers, commercial vehicles, tractors and farm equipment, earth-moving and material-handling equipment, electrical and electronics and medical systems.

Rs. in million

Sales	2007-08	2006-07	% increase
Consolidated			
Customers within India	9,509.75	7,041.19	35.1%
Customers outside India	3,841.86	2,761.65	39.!%
Total	13,351.61	9,802.84	36.2%
Standalone			
Customers within India	7,458.97	5,715.98	30.5%
Customers outside India	2,058.77	1,653.63	24.5%
Total	9,517.74	7,369.61	29.2%

Domestic market

MSSL, along with its subsidiaries and joint ventures, enjoys a consistent market share of approximately 65% in the domestic passenger car market - based on an assessment performed on a number of vehicles manufactured. In addition to the growth in the passenger car market, the growth in wiring harness business was also contributed by customers in the non-automotive categories, including earth- moving, material-handling equipment and commercial vehicles. During the year, the company's joint venture Kyungshin Industrial Motherson Limited (KIML) expanded its wiring harness manufacturing capacity in line with the capacity expansion at Hyundai Motors India Limited.

The wiring harness division continued to receive appreciation from its customers which is reflected in the awards received:

1. Maruti Suzuki

a. Outstanding Overall Performance (2006-08)

b. Superior Performance in Incoming Quality Improvement (2006-08)

c. Superior Performance in VA-VE (2006-08)

d. Award for System Audit Rating

2. Toyota Kirloskar Motors

a. Best Safety Visualisation

b. Silver Trophy - Overall Supplier for the Year 2007

c. Zero PPM Award

3. Hyundai Motors India - Best Vendor for the Year (2007)

4. Tata Motors (Lucknow) - Best Vendor Quality (2007-08)

5. Mahindra & Mahindra – Best performance in SCM (2007-08)

6. Honda Motorcycle and Scooter India – Award for QCDDM (2007-08)

7. JCB India - Best supplier award for quality improvement (2007)

8. Denso Haryana – Outstanding overall performance (2007-08)

9. Sumitomo Wiring Systems Limited - Quality improvement award (2007)

Exports

The total export of wiring harnesses on consolidated basis reached a new high level of Rs 3.8 billion. The exports from India also grew by over 24%, at Rs 2.06 billion, on standalone basis. The consolidated sales to customers outside India in this segment grew by 39%; the growth was also contributed by the company's joint venture, Motherson Sumi Wiring System Ltd. (FZC), Sharjah.

Out of the total exports of Rs 3842 million, direct exports constitute 66% of the total, the rest being exports to the collaborator for the global passenger car market for which manufacturing is done at Bangalore and Sharjah.

Outlook

The company's customer base is expected to expand substantially following the entry of new customers into India, as well as the company's wider marketing coverage of new models and companies. Asset utilisation and technology upgradation helped cap costs and protect margins. A migration up the value chain through the manufacture of progressively complex products and modules (as opposed to single standalone products) will enhance volumes and realisations. The prospects of the segment appear encouraging across the foreseeable future.

The cost of main raw material, copper continues to be high in the international market, which remains a challenge. While the company has, by and large, 'pass through' arrangements with its customers, it does have an impact on EBIDTA and ROCE due to high input costs.

The company proposes to expand the following capacities during the year 2008-09:

1. Setting up of two manufacturing sites at Noida – one each for the domestic and exports business. The land for these facilities has been acquired during the year 2007-08;

2. Setting up of greenfield facilities at SEZ Kandla for which a 100% subsidiary is being formed ;

3. Expansion of facilities at Sharjah to accommodate increase in exports from the location;

4. The company's JV KIML to further expand its manufacturing and assembly capacity to match the requirements of Hyundai Motors.

5. The company's wire division will expand its wire manufacturing capacity at all the locations, enhancing the capacity to 449,000 KM per annum.

Polymer

The division has grown to 14 manufacturing units across India, Sharjah, Germany and Czech Republic, supported by various joint ventures and subsidiaries. It is among the largest plastic component suppliers to the automotive and consumer electronic industries in India. The division contributed approximately 21.54% to the company's consolidated revenues in 2007-08. It possesses capacities ranging from 20 ton to 3200 ton, with over 300 hi-end moulding machines.

The range of products manufactured by the polymer division of the company - Motherson Automotive Technologies Engineering (MATE) includes injection-moulded components, assemblies, blow-moulded components and integrated modules. In order to keep pace with increasing customer requirements, MATE continuously upgraded its existing facilities and added new facilities. MATE also started manufacturing air filters for automotive application with technology from Toyo Roki, Japan. At present MATE has 10 manufacturing facilities in India spread over Noida, Manesar, Bangalore, Chennai and Pondicherry.

Rs. in million

Sales	2007-08	2006-07	% increase
Consolidated			
Customers within India	2,718.37	2,246.07	21.0%
Customers outside India	1,651.25	1,680.27	(1.7%)
Total	4,369.62	3,926.34	11.3%
Standalone			
Customers within India	2,713.78	2,443.04	11.1%
Customers outside India	405.72	526.65	(23.0%)
Total	3,119.50	2,969.69	5.0%

Domestic

During the year, MATE achieved an increase of 11.1% in its domestic revenues. The division is focusing on adding new value-added modules that require specialised engineering abilities. As part of this strategy, MATE has reduced business in the electronics and white goods industry. This business achieved turnover of Rs 380.55 million during 2007-08, as against Rs 521.53 million during 2006-07.

The company's joint venture Balda Motherson Solution India Ltd. is yet to make significant progress in the telecom business. The JV cut down its costs significantly and is now working with Tier 1 suppliers to the telecom industry, as well as working together with JV partner Balda for business opportunities from other global players.

The polymer division performed well in quality, cost and delivery to its customers. The division received the following awards:

1. **Honda Siel Cars** - gold award for delivery

2. **Honda Motor India** - outstanding performance in quality cost & delivery - spare parts

Exports

The exports from MATE had negative growth due to:

1. As envisaged and disclosed in the last year annual report, phase-out of the model by one of the global FMCG customers who was being serviced as deemed exports from its facilities at Pondicherry.

2. The company's exports of Aerobin did not take off as envisaged due to limited market launch and availability of a single size in the Australian market. The company's subsidiary Global Environment Management (GEM) is working out a strategy to launch the product in European markets.

On a consolidated basis, the sales to the customers outside India remained almost constant at Rs 1.65 billion. In addition to the revenues being contributed by MATE, this business is operated through the company's subsidiaries namely MSSL Mideast (MSSL-ME), MSSL Polymers GmbH (MSP-G), MSSL Tooling Ltd. (FZE) (MTL), Global Environment Management (GEM) and MSSL Advanced Polymers s.r.o. (MSP – CZ). As reported in last year's annual report, the business of MSSL Australia for door trims phased out earlier than the schedule.

The performance of these companies is discussed in the respective sections in the MDA.

Outlook

1. MATE commenced the production of parts of water purifier for one of India's largest FMCG company at its Pondicherry facility and also set up an additional unit at Pondicherry for the same.

2. MATE is setting up a unit at Pune to service its newly acquired customers in the Western region ;

3. MATE would be constructing a new facility at Noida to consolidate two of its existing units in Noida. The new facilities would be constructed this year, for which land was acquired last year.

Machined metal components, rubber components, mirrors and others

The revenues consolidated under this category represent the following:

1. **Rear view mirror business:** This business is conducted by MSSL through its joint venture company Visiocorp Motherson Limited (Earlier known as Schfenacker Motherson Limited).

2. **Metal machining business:** This is conducted by Motherson Innovative Engineering Solutions (MINES), a division of MSSL which has facilities at Bangalore and Chennai. In addition to this, the company has a subsidiary Mothersonsumi Reiner GmbH (MSR) at Schwäbisch Gmünd, Germany

3. **Rubber business:** Until last year, this was conducted through the three joint ventures with Woco. In addition to this, the company acquired the business of Empire Rubber, Australia from the administrator on May 31,2007 .

4. **Fuses, fuse holders and others:** This business is conducted through its subsidiary Motherson Pudenz Wickmann Limited

Rs. in million

	2007-08	2006-07	% increase
Consolidated			
Customers within India	589.12	464.19	26.9%
Customers outside India	1,970.89	1,082.37	82.1%
Total	2,560.01	1,546.56	65.6%
Standalone			
Customers within India	247.62	217.41	13.9%
Customers outside India	146.15	255.48	(42.8%)
Total	393.77	472.89	(16.7%)

The metal machining business at MINES is going through a phase of consolidation. The division is adding new products and customers, substituting a single customer dependent business, which was significantly reduced with restructuring at the global level. The division had net sales of Rs 144.92 million during 2007-08 as against Rs 247.23 million in 2006-07.

Other product groups of the company namely rubber, mirrors, fuses and fuse-related components did well and the performance of these businesses is discussed in detail under 'Performance of subsidiaries and joint ventures'.

Outlook

The company is setting up facilities for rubber compounding and rubber moulding at Chennai by shifting part of the equipment from Australia. This is expected to increase competitiveness of the company in the segment.

Performance of subsidiaries and joint ventures

The summary of the financial performance of the company's subsidiaries is disclosed elsewhere in the annual report and forms part of the MDA. The summary of financial highlights of the joint venture companies is as follows:

Rs in million

	MSSL holding	Capital employed		Net sales		Profit after tax		Capital expenditure	
	2007-08	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Kyungshin Industrial Motherson Ltd.	50%	839.03	572.54	3,200.07	2,128.37	274.96	142.29	262.62	56.32
Visiocorp Motherson Ltd. (formerly Schefenacker Motherson Ltd.)	49%	177.91	133.34	719.62	499.34	39.70	25.94	18.31	29.29
Balda Motherson Solution India Ltd.	40%	967.38	948.96	18.58	-	(130.49)	(91.80)	77.60	699.01
Woco Motherson Ltd. (FZC)	33.33%	128.19	126.88	321.92	290.01	103.51	92.04	12.31	1.00
Woco Motherson Elastomer Ltd.	33.33%	168.98	167.28	326.32	333.31	19.73	14.90	9.11	27.04
Woco Motherson Advanced Rubber Technologies Ltd.	33.33%	342.73	348.94	385.48	221.98	77.06	26.75	17.52	250.74

Note: The exchange rate considered for 2007-08: Euro = Rs. 63.27 (Previous year Rs. 57.93)

Performance of subsidiaries and joint ventures

MSSL Mideast (FZE)

Introduction: A 100% subsidiary of Motherson Sumi Systems Ltd., MSSL Mideast is located in SAIF Zone, Sharjah, UAE. The company specialises in the manufacturing of wiring harnesses, supplying to leading manufacturers of material handling equipment and off-road vehicles in Europe.

Certifications: TS 16949

Performance: During the year, the company's revenue grew from Euro 16.60 million to Euro 20.14 million. The subsidiary recorded the highest revenue during the year.

Kyungshin Industrial Motherson Limited

Introduction: KIML is a joint venture between Kyungshin Industrial Co. Ltd., South Korea and Motherson Sumi Systems Ltd. (50% holding). The company manufactures wiring harnesses at twin locations in Chennai (India), catering to the complete wiring harness requirements of a range of vehicles manufactured by Hyundai Motors India Limited.

Certifications: TS 16949, ISO 14001, 5 –Star

Performance: KIML achieved a turnover of Rs. 3200.07 million as compared with the Rs. 2128.37 million in the previous year. KIML is the 100% supplier of wiring harnesses to Hyundai Motors India since the beginning. During the year, KIML started mass production of harnesses for Hyundai i10 car for domestic and export market. The joint venture will further expand its capacity to meet the requirements of the customer.

MSSL (GB) Ltd.

Introduction: MSSL (GB) is a 100% subsidiary of Motherson Sumi Systems Ltd. It is located in New Castle, UK. MSSL GB acquired the business of ASL Systems Limited, UK, which was supplying wiring harnesses and related modules to niche segments in UK.

Performance: MSSL (GB) achieved a turnover of GBP 4.72 million, as compared to GBP 1.71 million of the previous year. The company established its operations in 2007 and is now fully integrated with the group. The company earned marginal profit during the calendar year 2007.

Motherson Sumi Wiring System Ltd. (FZC)

Introduction: MSWS is a joint venture between Motherson Sumi Systems Ltd. (51% holding) and Sumitomo Wiring Systems Ltd, Japan. The company is located in SAIF Zone, Sharjah, UAE. MSWS supplies wiring harness to Sumitomo Electric Wiring Systems in Europe.

Performance: The joint venture grew its revenues from Euro 4.28 million to Euro 16.35 million and successfully launched the harnesses for the new businesses. In view of the requirement for more space for the joint venture, it is proposed to construct additional area in SAIF Zone.

Motherson Electrical Wires Lanka Private Ltd.

Introduction: A 100% subsidiary of Motherson Sumi Systems Ltd., MWL is located in Sri Lanka. The company specialises in the manufacturing of wires for automotive applications. It supplies wires to different manufacturing locations of the group.

Certifications: QS 9000

Performance: MWL achieved a turnover of US$ 24.08 million as compared to US$ 18.30 million of the previous year. Its capacity was enhanced to 20,000 km/month by installation of additional machinery. The tax holiday period of MWL stands extended by an additional two years. The Company plans to expand capacities in 2008-09.

MSSL Tooling Ltd. (FZE)

Introduction: A 100% subsidiary of Motherson Sumi Systems Limited, MTL is located in SAIF Zone, Sharjah, UAE. The company manufactures plastic moulded components and tooling. MTL supplies to tier I customers and supports the polymer business in Europe.

Performance: The revenues for MTL was at Euro 1.96 million for the current year, as compared to Euro 0.54 million of the previous year. The moulding operations stabilised after shifting of moulds from Europe ; however, due to less orders for tools, the subsidiary's performance was not up to expectations. The subsidiary has made provision for the impairment of assets by Euro 287465 during 2007.

Balda Motherson Solution India Limited

Introduction: Balda Motherson is a JV between Balda AG (Germany) and Motherson Sumi Systems Ltd (40% holding). Located in Chennai, India, the company supplies injection moulded components and assemblies for mobile phones, electrical and electronic equipments.

Certifications: ISO 9001:2000

Performance: The sales for the company reached Rs.38.3 million. Four injection moulding machines were added. New products comprised charger parts, automobile connectors and window regulator parts. Upgraded Roto technology for insert moulding was introduced. While the initial business plan on which the joint venture was formed has not materialised, the JV is working with other customers to utilise its capacity. During the year, the JV purchased 20.47 acres of land in Chennai.

Calsonic Kansei Motherson Auto Products Limited

Introduction: A JV between Motherson Sumi Systems Ltd. (49% holding) and Calsonic Kansai, Japan, Calsonic Kansei Motherson is located at Manesar, India and a new unit is proposed at Chennai, India. The key products are climate-control systems including HVAC modules, compressors, body control modules and meter clusters for the automotive industry.

Performance: The company generated a revenue of Rs. 0.13 million. The initial product range to be launched includes HVAC modules and compressors for which plant is being constructed at Manesar. The company will be engaged in marketing, selling, exports, service, manufacturing and assembly of auto parts of integrated HVAC (heating, ventilation and air-conditioning), Interior (injection & assembling), ECM (engine cooling module), Exhaust System (press & welding), CCM (cross carbeam Moudle), Compressor, BCM (body control module), Instrument Cluster (meter, electronics) and CPM (cockpit module).

MSSL Polymers GmbH

(formerly known as G&S Kunststofftechnik GmbH)

Introduction: This company is a 100% subsidiary of MSSL, located in Germany. The product range includes parts for roof railing and medical diagnostic equipment (blood test, lens and sensor project parts) and other parts for automotive and medical equipment applications.

Certifications: ISO TS 16949 : 2002, DIN EN ISO 14001, DIN EN ISO 13485

Performance: The company recorded a revenue of Euro 14.49 million, as compared to Euro 14.03 million of the previous year. The company enhanced the production of value added products. It also adopted advanced technology like tandem moulds for its new business. It inducted electrical and automated equipment including electrical equipment, robots, sorting claps and dehumidified dryers to reduce manufacturing costs.

MSSL Polymers s.r.o.

(formerly known as F.P. Formogrou s.r.o.)

Introduction: This 100% subsidiary of MSSL is located in Czech republic. This company serves automotive & medical equipment industries, mainly the Tier 1 customers who have shifted base to Eastern Europe.

Certification: ISO/TS 16949: 2002

Performance: The revenue for the company reached Euro 4.66 million as compared to Euro 0.37 million of the previous year. It proposes to increase its capacity due to increasing customer preference to source from Eastern Europe. Hence, a new building would be constructed in 2008-09.

Woco Motherson Elastomer Ltd.

Introduction: The company is a joint venture between MSSL (33% holding) and WOCO Group of Germany. Located at Noida (India), it manufactures and exports injection moulded rubber components back to the JV partner.

Certifications: ISO/TS 16949-2002 and ISO 14001: 2004

Performance: The revenue for the company stands at Rs 326.32 million as compared to Rs. 333.31 million of the previous year. The company declared a maiden dividend of 20% for the year 2007-08.

Woco Motherson Advance Rubber Technologies Ltd.

Introduction: The company is a joint venture between MSSL (33% holding) and WOCO Group of Germany. This company is located at the Kandla Special Economic Zone, focusing on automotive and auto component manufacturing. The range includes pedal parts and solid silicon articles for acoustic applications besides manufacturing and exporting rubber, rubber–to-metal and rubber–to-plastic bonded parts.

Certifications: ISO/TS 16949-2002

Performance: The revenue for the company stands at Rs. 385.48 million as compared to Rs. 221.98 million of the previous year. The division received the best exporter plant award by the KASEZ authority in other categories.

WOCO Motherson Ltd. (FZC)

Introduction: A joint venture between MSSL (33% holding) and WOCO Group of Germany, WML is located at the Sharjah Airport International Free Zone, Sharjah, UAE. The range includes products for automotive applications, kitchen appliances, measuring and control technology and medical equipment applications. The JV exports liquid silicon rubber injection moulded parts to the JV partner.

Certifications: ISO TS 16949 : 2002

Performance: The revenue for the company stands at Euro 5.09 million, as compared to Euro 5.01 million for the previous year. In calendar year 2007, the company distributed a total dividend of Euro 1.8 million.

Motherson Elastomer Pty Ltd.

Introduction: The company is a subsidiary of MSSL(80 % holding). Located at, Bendigo, Victoria in Australia it manufactures Orbitread tyre compounds, conveyor belting rubber compounds, automotive component rubber compounds, weather strips, glass runs, boot and hood seals, tank straps, rubber flares, bonded components, suspension bushes, engine and transmission mounts, bump stops, large engine gaskets, silent blocs, industrial mountings and couplings, auto and truck suspension components, wheel chocks, high-precision moulded products, moulded rubber brake components, rolling stock bogie rubber and metal components for automotive and industrial applications.

Certifications: ISO 9001 and ISO 14001

Performance: The revenue for the company stands at AUD 22.78 million. The company enhanced the ability to co-extrude rubber with metal and febric inserts for improved product styling along with increased capacity to mould EPDM profiles with polyethylene and TPE as part of the Ford Orion project. Replacement of one of the mixer is underway and is likely to be completed by 2nd quarter (2008-09). Proposal for transferring one of the mixing line to India is under consideration.

Mothersonsumi Reiner GmbH

Introduction: The company is a 100% subsidiary of MSSL. Located in Germany, it serves automobile and auto component manufacturers and tier 1 customers. The product range includes high-precision machined metal components for critical applications such as fuel pumps.

Certification: ISO/TS 16949-2002 and ISO 14001:2004

Performance: The revenue for the company stands at Euro 11.35 million as compared to Euro 8.32 million of the previous year. The operative business of MSR has been transferred from January 2008 to a new company Motherson Orca Precision Technology GmbH. This new company is a JV between MSSL GmbH (51%) and Orca Group, Germany (49%). Orca Group specialises in metal machining and will provide key technical support to the venture. Since the first financial year will end on 31st December 2008, the performance of the new company will be reflected from the next year.

Visiocorp Motherson Limited

(formerly Schefenacker Motherson Limited)

Introduction: A joint venture between MSSL (49% holding) & Visiocorp plc., UK , VML has facilities at Noida and Chennai, India. The company specialised in the manufacturing of automotive rear view mirrors. The range includes manual, remote and electric mirrors, outside and inside rear-view mirrors, mirrors with roof lamp, outside mirrors with blinker, interior lamps and cable assemblies.

Certification: ISO/TS 16949, ISO 14001, OHSAS 18001

Performance: The revenue for the company stands at Rs. 719.62 million as compared to Rs. 499.34 million of the previous year. The company diversified into cabin-reading lamps. The company received Q1 certification from Ford and four star status from Hyundai. The company has plans for expansion of the existing plants and set up two more plants to meet new requirements.

Motherson PUDENZ WICKMANN Limited

Introduction: A joint venture between MSSL (56% holding) and Wilhelm Pudenz GmbH & Wickmann Werke GmbH, Germany, MPWL is located at Noida, India. The key products are fuses and fuse holders and electronic circuit breakers. The target sector is consumer electronics.

Performance: The revenue for the company stands at Rs. 29.28 million as compared with Rs. 51.73 million of the previous year. The joint venture is proposed to be restructured during the year 2008-09, in view of its joint venture partner now being part of Littlefuse.

Global Environment Management (FZC)

Introduction: A joint venture between MSSL (50.001% holding) and E-Compost Pty Ltd., Australia, GEM is located at the SAIF Zone, Sharjah, UAE. The company has a 100% subsidiary in Australia for marketing its key product Aerobin (household and garden waste-recycling systems) in Australia.

Performance: The revenue of the company stands at AUD 2.49 million as compared to AUD 1.12 million of the previous year. Sales revenues in Australia were adversely influenced by the continuation of the nationwide drought and enforced water restrictions that had a negative effect on retail garden sales. The company is considering more models and launching the product in more countries.

Support subsidiaries

MSSL GmbH, Germany (100% subsidiary of MSSL through MSSL Mideast)

MSSL GmbH located in Gelnhausen near Frankfurt and acts as the holding company and corporate office providing support to the European entities.

MSSL Mauritius Holdings Ltd., Mauritius (MSSL holding 100%):

The company, incorporated in Mauritius, is holding investments in Woco Motherson Limited (FZC) Sharjah, MSSL Ireland Pvt. Limited, Ireland, MSSL Toolings Limited (FZC), Sharjah and Global Environment Management (FZC), Sharjah. During the year, the company had an income of Euro 600,000 by way of dividend.

MSSL Ireland Pvt. Ltd., Ireland (100% subsidiary of MSSL Mauritius)

The company, incorporated in Ireland, provides design services, mainly to wiring harnesses customers. It also provides logistics support services to MSSL and MSSL Mideast, enabling them to supply online to the customers in Europe. During the year, the company had net sales and services of Euro 0.75 million as compared to Euro 0.67 million in the previous year. During the year, the company had a net profit of Euro 0.16 million.

MSSL (S) Pte Ltd., Singapore (MSSL holding 100%)

The company, incorporated in Singapore, provides support to MSSL and its group companies mainly for international purchasing. The company is also a holding company for the group investments in Australia.

MSSL Handels GmbH, Austria (MSSL holding 100%)

The company, incorporated in Austria, provides support to MSSL by coordinating with the customers. During the year, the company had net sales of Euro12,444 with a net loss of Euro 23,670.

MSSL Australia Pty. Ltd., (MSSL holding 80%)

The company, after phase-out of Door Trim program (Turnover for 2007: Aus $ 5.72 millions as against Aus $ 1.12 millions in 2006), is now functioning as the Corporate office and holding company for the group investments in Australia.

Motherson Investment Pty. Ltd. (80% subsidiary of MSSL through MSSL Australia Pty. Ltd.)

The company is holding land and building acquired by the company at the time of purchase of business from administrator of Empire Rubber. The land and building owned by this company has been let out to Motherson Elastomer Pty Limited.

Loans and funds position

The position of loans as on 31-3-2008 is as follows: Rs. in million

Loans	Consolidated		Standalone	
	31-03-2008	31-03-2007	31-03-2008	31-03-2007
Short-terms loans	1,457.71	774.98	1,379.81	618.15
Long-term loans	542.10	912.82	339.40	447.82
Foreign currency convertible bonds	2,891.41	2,914.08	2,891.41	2,914.08
Total	4,891.22	4,601.88	4,610.62	3,980.05

The increase in the amount of FCCBs is on account of the exchange fluctuation in Euro-Rupee parity, the reduction in 2007-08 is on account of partial conversion of FCCB's into equity shares.

Foreign currency convertible bonds (FCCB)

During the year 2005-06, the company raised long term funds of Euro 50.30 million by way of foreign currency convertible bonds (FCCB). These bonds are convertible into shares at the option of bondholders within the tenure of the bonds at a share price of Rs 74.30 per share (after adjusting for the bonus issue made in 2007-08) at a fixed exchange rate of Euro1 = Rs 52.01. During the year 2007-08, the bondholders exercised their option to convert Euro 4.60 million into equity shares. Consequently, an amount of Rs 291.14 million (including an amount of Rs 58.65 million which was earlier provided as the charge to Profit & Loss account prior to the date of allotment) was transferred to the share premium account.

In consistence with the conservative policy being followed by MSSL, the premium payable on the redemption of bonds on 16th July 2010, in case the bonds are not converted into shares, is being amortised as the charge to Profit & Loss account as finance cost apart from amortising issue expenses.

In addition, the exchange fluctuation on the principal amount together with the amortised amount of premium is also accounted as gain/(loss) on exchange fluctuations. It may be noted that there is no cash outflow either charged to Profit & Loss account in respect of the amortised amount of premium, or exchange fluctuation. This amount, net of tax, will be added back to reserves in case of conversion.

The amount being charged to the profit & loss account is as follows:

Rs. in million

	Consolidated	
	2007-08	**Total till date**
- Issue expenses	14.32	40.18
- Securties Premium	150.73	416.6
- Exchange fluctuations (net)	266.00	340.28
- Interest income	(2.64)	(69.33)
Net FCCB cost	428.41	727.33

Profitability of the company

During the year, the company's profitability was as follows:

Rs. in million

	2007-08	2006-07	% increase
Financial summary			
Consolidated			
Net sales	20,281.25	15,275.74	32.77%
Other income (other than Profit on sale of land)	270.48	205.45	31.65%
Raw material consumed	11,241.48	8,641.48	30.09%
Employee cost	2,466.74	1,682.49	46.61%
Other expenditure	3,464.81	2,569.28	34.86%
PBIDT before profit on land & exchange fluctuation loss on FCCB	3,378.70	2,587.94	30.56%
Provision for exchange fluctuation loss on FCCB	266.00	80.60	230.02%
Profit on sale of land	240.04	–	
PBIDT	3,352.74	2,507.34	33.72%

Rs. in million

	2007-08	2006-07	% increase
Interest (Net)	78.89	67.56	16.77%
Provision for premium on redemption of FCCBs	165.05	170.41	(3.15%)
Depreciation	846.60	646.36	30.98%
Profit before taxation & adjustments	2,262.20	1,623.01	39.38%
Share of profit in associate	2.15	1.70	26.47%
Profit before tax	2,264.35	1,624.71	39.37%
Profit after tax	1,778.62	1,295.19	37.33%
Earning per share	5.03	3.67	37.06%
Standalone			
Net sales	13,031.01	10,812.19	20.52%
Other income (other than profit on sale of land)	207.34	184.88	12.15%
Raw material consumed	7,642.66	6,396.25	19.49%
Employee cost	1,193.83	860.73	38.70%
Other expenditure	2,014.62	1,617.53	24.55%
PBIDT before profit on land & exchange fluctuation on FCCB	2,387.24	2,122.56	12.47%
Loss on exchange fluctuation on FCCB	266.00	80.60	230.02%
Profit on sale of land	240.04	–	
PBIDT	2,361.28	2,041.96	15.64%
Interest (Net)	53.61	7.52	612.90%
Provision for premium on redemption of FCCBs	165.05	170.41	(3.15%)
Depreciation	500.63	447.45	11.89%
Profit before tax	1,641.99	1,416.58	15.91%
Profit after tax	1,281.92	1,141.77	12.27%
Earning per share	3.63	3.24	12.04%

Other income/ profit on sale of land

During the year, the company made a profit of Rs 240.04 million on the sale of land (meant for corporate office) for investment.

Raw material cost

The raw material costs, in percentage terms, also vary with the changes in product mix e.g. modules use higher bought–out content. During the year price of copper, which is one of the key material used for wiring harnesses, continued to be on higher levels internationally. The company makes continuous efforts to reduce raw material costs through VA/VE, cutting wastages year on year and by alternate sourcing.

Interest costs

The interest charge include an amount of Rs. 165.05 million charged to Profit & Loss account on account of premium payable on redemption of FCCBs in case the bonds do not get converted and issue expenses are amortized over the period of bonds. The interest outgo on consolidated basis (other than provision for FCCB) was Rs 78.89 million as against Rs 67.56 million.

Capital expenditure

During the year, the company made addition to fixed assets of Rs. 2,156.03 million on consolidated basis and Rs.1,561.38 million on standalone basis. This includes major expenditure on the following:

Rs. in million

	Consolidated	Standalone
1. Land	542.05	453.86
2. Building	392.33	218.47
3. Plant and machinery	1,048.08	790.60
4. Others	173.57	98.45
Total	2,156.03	1,561.38

It is evident from the above that a significant portion of the company's capex is incurred on land and building, also impacted by the substantial increase in land prices as well as construction costs. The company is required to make significant investments considering the plans of OEMs for the next two-three years.

Based on plans, the company expects to incur an amount of Rs 2,000 million to Rs 2,500 million on capital expenditure in current year. A substantial part of these investments is targeted to meet the given plans of the OEMs for introducing new models, as well as the entry of new OEMs in 2010-11 and 2011-12.

Cash flow

The summary of cash flow during 2007-08 on consolidated and standalone basis is as follows:

(The details of funds utilisation during the year is included in the cash flow)

Rs. in million

	Consolidated		Standalone	
	2007-08	2006-07	2007-08	2006-07
Cash Flow from operating activities				
a) Profit before tax	2,264.35	1,624.71	1,641.99	1,416.58
b) Non-cash items	1,205.14	1,125.17	696.61	742.77
c) Changes in working capital	(1,008.24)	(1,467.41)	(604.17)	(1,059.02)
d) Taxes paid	(424.48)	(400.46)	(318.40)	(340.25)
Sub Total (i)	2,036.77	882.01	1,416.03	760.08
Cash flow from investing activities				
a) Purchase of fixed assets (Net)	(1,695.18)	(1,457.16)	(1,240.55)	(852.66)
b) Consideration paid for acquisition of subsidiary/business/other Investment	(188.84)	(59.04)	(359.97)	(925.40)
c) Interest / lease rent / dividend	(15.70)	6.78	32.19	118.04
Sub Total (ii)	(1,899.72)	(1,509.42)	(1,568.33)	(1,660.02)

Rs. in million

	Consolidated		Standalone	
	2007-08	2006-07	2007-08	2006-07
Cash Flow from financing activities				
a) Long-term loan (Net)	(266.38)	136.38	(125.24)	45.09
b) Short-term loan (Net)	10.00	(2.37)	42.50	(5.20)
c) Cash credit (Net)	543.82	(24.23)	708.57	(46.36)
d) Interest paid	(130.81)	(112.60)	(101.15)	(77.29)
e) Dividend paid (including dividend tax)	(411.61)	(313.66)	(411.61)	(307.32)
f) Proceeds from minority shareholders'	77.37	115.29	–	–
Sub-total (iii)	(177.61)	(201.19)	113.07	(391.08)
Total (i+ii+iii)	(40.56)	(828.60)	(39.23)	(1,291.02)
Cash and cash equivalents - opening	993.58	1,786.64	365.92	1,622.31
Net unrealised loss /(gain) on foreign currency cash and equivalents		35.54		34.63
Cash and cash equivalents - closing	953.02	993.58	326.69	365.92

Risk and concerns

The company operates mainly in the automotive components industry, which is highly competitive. At the same time, the cyclical nature of the automotive industry and economic growth affect the performance of our company. The introduction of features and models in the industry is driven by consumers' preferences rather than OEMs' choices. Whenever new models are introduced, the market expands correspondingly and so does the demand for components.

The company is conscious of the risks associated with the business and has been de-risking the model by developing a diverse customer base, together with the focus on increasing exports. The company is acquiring overseas companies in addition to setting up units in overseas locations with distinct locational advantages to reduce the dependence on any single location, product or market segment.

Human resource

Human resource is a vital element behind the success of any organisation. MSSL consider its people to be its most important asset. MSSL focuses on attracting the best talent and enjoys a good brand image in the market. A culture of belongingness and ownership is the key to MSSL's success. Continuous efforts are made to upgrade the skill of the employees through training & development programmes. Leadership development programmes were institutionalised as part of career development for senior executives. People are encouraged to take higher responsibilities and stretch assignments from very early stages of their career.

In MSSL's manufacturing units, a person is declared as the owner of an activity for each activity, who takes the onus of maintaining and improving it. This involvement spans from on-the-job activities to extra-curricular activities, including cultural programmes and competitions.

MSSL continuously make efforts to upgrade the skills of its employees through training and development programmes. Its endeavour is to provide world-class training to create a top-notch work force. The company endeavoured to encourage the maximum employee participation to create a "we" feeling through suggestion schemes, annual day celebrations, painting competition for the children of employees, picnics, cultural activities and quality circles. MSSL won a gold medal and a bronze medal at the skill Olympic game organised in Japan by our collaborators. The quality circle movement has been gaining strength in the company. MSSL has more than 215 quality circles operating within the company and its subsidiaries and joint ventures. On the national level, one of its quality circles was placed in the excellent category and two in the distinguished category in the NQCC organised by QCFI in December 2007, winner in the Annual QC Convention organised by ACMA for the Northern region in July 2007, excellent category in QCFI for the Southern region, second runner up in the regional QC convention organised by the TKM suppliers association and winner in the QC convention organised by Maruti Suzuki in June 2007 and second runner up in the NQCC organised by HSCI in March 2008.

MSSL's global footprint has provided a platform where people of different nationalities, languages and cultures are working together. This helped the company in providing a global exposure and understanding to its employees. This also facilitates in understanding and serving its customers across the globe in a better way. The focus is always on improving the overall business performance and competitiveness through its employees.

With a view to share its growth with the employees, Samvardhana Motherson Limited gave the option of shares to employees of the Sumi Motherson Group.

Environment, health and safety

MSSL pays utmost attention to the safety of its employees, related communities and the environment at large. MSSL is an environment-conscious company. Most of its units are accredited with ISO 14001 certification. MSSL re-affirms its commitment to provide a safe working place and clean environment to its employees and other stakeholders as an integral part of its business philosophy and values. The company will continuously enhance its environmental, occupational health & safety performance in its activities, products and services through a structured MSSL management framework.

MSSL develops products that help in improving the environment. Its subsidiary, Global Environment Management, is dedicated towards developing products for improving the environment. Their first product Aerobin is a revolutionary product which employs patented aerating technologies reducing the time required for composting in recycling of waste.

One of the key focus areas of the company comprises safety. In two separate incidents, two properties were harmed by fire. The properties of the company are adequately insured and the claim is being settled by the insurance company in due course. Fortunately, there was no harm/injury to any of its people. Safety committees were constituted and further strengthened to meet challenges.

The EHS functions in MSSL are a part of the human resource management. The main task is to support the MSSL units in their efforts to continuously improve their work environment. Internal audits are a focal point of EHS management and are regularly organised. This approach is designed to reinforce EHS issues as an integral part of the day-to-day work of every individual.

Opportunities and future prospects

The macro-economic conditions, globally as well as in India, have been challenging for the automotive industry. The industry is facing internationally high oil prices, coupled with high input costs caused by steep increase in commodity prices. Due to inflationary trends, the interest rates and availability of credit is another matter of concern. Despite all these adverse conditions, the Indian economy is expected to grow, though at a relatively lower rate. The OEMs are making substantial investments in India to cater to the Indian market as well as for exporting fully assembled cars from India. MSSL is in a unique position to service the OEMs by bringing newer technologies through its joint ventures by being a complete system solution provider.

Directors' Report

To the members,

Your Directors have the pleasure in presenting the 21st Annual Report together with the audited accounts of the Company for the financial year ended 31.03.2008.

Financial results

The summarised financial results for the year ended 31.03.2008 and for the previous year ended 31.03.2007 are as follows:

(Rs. in million)

	Year ended 31.03.2008	Year ended 31.03.2007
Gross sales	15,155.79	12,384.72
Net sales	13,031.01	10,812.19
Other income	447.38	184.88
Profit before depreciation, interest and tax	2,361.28	2,041.95
Less: Depreciation	500.63	447.44
Less: Interest (net)	218.66	177.93
Profit before tax	1,641.99	1,416.58
Less: Provision for taxation	360.07	274.80
Profit after tax	**1,281.92**	**1,141.78**
Add: Balance brought forward	1,126.74	647.18
Net profit available for appropriation	2,408.66	1,788.96

Operations

During the year under review, your Company achieved a turnover of Rs. 13,478.39 million including other income of Rs. 447.38 million, resulting in a growth of about 22.56% over its turnover of Rs. 10,997.07 million, including other income of Rs. 184.88 million in the previous financial year ended March, 2007.

The profit after tax for the year ended March, 2008 at Rs. 1,281.92 million was higher than the previous financial year ended March, 2007 at Rs. 1,141.78 million.

The operational performance of the Company has been comprehensively covered in the management discussion and analysis, which forms a part of the Directors' Report.

Dividend

Your Directors recommended a dividend of Rs. 1.35 per share (135%) for the year ended 31.03.2008. The dividend, if approved by the members, will be paid on or after 11.08.2008.

Share capital

During the year, your Company has issued 12,06,64,600 equity shares of Re.1/- (Re.1 each), on account of the issue of bonus shares in the ratio of one share against two shares held and the conversion of Foreign Currency Convertible Bonds (FCCBs) as per the following details :

Date of allotment	Particulars of issue	No. of shares	Total share capital after allotment (Rs/millions)
	Share Capital as on 31.3.2007		234.889
10.09.2007	Issue of bonus shares	11,74,44,600	352.334
18.10.2007	Conversion of FCCBs	10,50,000	353.384
22.12.2007	Conversion of FCCBs	21,00,000	355.484
14.01.2008	Conversion of FCCBs	70,000	355.554

Credit rating

The Company continues to enjoy "A1+" rating by ICRA for its commercial paper/short-term debt program of Rs. 750 million.

Fixed deposits

The Company has neither invited nor accepted any deposits from the public during the year. There is no unclaimed or unpaid deposit lying with the Company.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. M.S. Gujral and Mr. Arjun Puri, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Akihiko Yamauchi, resigned from the Directorship of the Company w.e.f. 02.06.2008 consequently he ceased to be a Whole-time Director of the Company.

M/s. Sumitomo Wiring Systems Ltd. Japan, a joint venture partner of your Company has nominated Mr. Toshihiro Watanabe on the Board of your Company in place of Mr. Akihiko Yamauchi, who has returned to Japan after a seven years stint in India. Therefore, Mr. Watanabe has been appointed as an Additional Director of the Company w.e.f. 02.06.2008. Further, considering his experience in the field of accounts, finance, planning and other related management areas, your Directors also appointed him as a Whole-time Director of the Company w.e.f. 02.06.2008.

The Directors welcome Mr. Watanabe on the Board of the Company and also take this opportunity to place on record their appreciation for the valuable services rendered by Mr. Akihiko Yamauchi during his tenure as a Director and Whole-time Director of the Company.

Brief resume of the above Directors, nature of their expertise in functional areas and the name of the public companies in which they hold directorships and chairmanship/membership of the committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the stock exchange, are given as Annexure to the Notice convening the Annual General Meeting elsewhere in the Annual Report.

Directors' responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, and subject to disclosures in the annual accounts, we state as under:

a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure were made for the same;

b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for year ended on that date;

c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

Auditors

The Auditors of the Company, M/s. Price Waterhouse, Chartered Accountants, Gurgaon, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

The observations of the Auditors and the relevant notes on the accounts are self-explanatory and therefore do not call for any further comments.

Consolidated financial statements

In accordance with the Accounting Standard-21 on consolidated financial statements read with Accounting Standard – 23 on Accounting for Investments in Associates and AS –27 on financial reporting of interests in joint venture in consolidated financial statements, your Directors have the pleasure in attaching the consolidated financial statements which form a part of the Annual Report.

The performance of the Company on consolidated basis is discussed at length in the management discussion and analysis.

Particulars required as per Section 212 of the Companies Act, 1956

As per Section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, balance sheet and profit and loss account of the subsidiaries of the Company. The Company applied to the Central Government for an exemption from such attachment as it presents the audited consolidated accounts of the Company and its subsidiaries in its Annual Report. The management opines that the consolidated accounts present a full and fair picture of the state of affairs and financial condition that are globally accepted. In addition to the subsidiaries, as disclosed in the statement pursuant to Section 212, the Company has formed joint venture subsidiary 'Motherson Orca precision Technology Limited' in January 2008. The first financial year of the Company will end on 31.12.2008. Hence the same has not been consolidated/annexed to this year's accounts. Further, subsequent to the end of the financial year, the Company formed a 100% subsidiary in Italy through its subsidiary "MSSL GmbH under the name 'MSSL srl'. The first closing for this Company shall be 31.12.2008.

The annual accounts of the subsidiary companies, along with related detailed information, will be made available to the holding and subsidiary investors seeking such information at any point of time. Any shareholder of the Company or its subsidiaries interested in obtaining the annual accounts of the subsidiaries may write to the Company Secretary at the registered office of the Company. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in a registered office of the Company.

Audit Committee

The Audit Committee was constituted in terms of the requirements set out in Clause 49 of the Listing Agreement with the stock exchange(s) on Corporate Governance comprising Mr. M.S. Gujral, Maj. Gen. Amarjit Singh (Retd.), Mr. Toshimi Shirakawa and Mr. Arjun Puri. Mr. Gujral is the Chairman of the Audit Committee.

Exports

The Company's exports during the year have grown to Rs. 2,611 million from Rs. 2,436 million, achieving a growth rate of 7.18%. The Company continued it efforts towards achieving higher growth by providing cost-competitive quality solutions to its customers. In addition, the Company has set up offices, mainly in Europe, to constantly service the customers as well as scan the markets for growth. As mentioned elsewhere in the Directors' Report, the Company has formed a subsidiary in Italy, MSSL srl, which will provide design and prototyping support to its customers in that region.

Corporate Governance

A separate section on Corporate Governance, forming a part of the Director's Report and the certificate from the Company's auditors confirming compliance of the conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement, is included in the Annual Report.

Listing

The shares of your Company are listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Delhi Stock Exchange Association Limited and Ahmedabad Stock Exchange. The bonds of the Company are listed on the Singapore Exchange Securities Trading Limited. The listing fees for the year 2008-09 have been paid to the said Stock Exchanges.

Particulars of employees

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employees are set out in the annexure to the Directors' Report.

However, having regard to the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company excluding the statement of particulars of employees under section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of the Company and same will be sent.

Energy conservation, technology absorption and foreign exchange earning and outgo

Information under section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'A' to this Report.

Human resources

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

Acknowledgement

Your Board of Directors would like to place on record their sincere appreciation for the whole-hearted support and contributions made by all the employees of the Company as well as customers, suppliers, bankers and government authorities particularly in the state of Delhi, Haryana, Uttar Pradesh, Maharashtra, Tamil Nadu and Karnataka towards the efficient operations of your Company. The Board of Directors wishes to thank the shareholders, FCCB holders of the Company and the collaborators, Sumitomo Wiring Systems Limited and Sojitz Corporation of Japan for their unstinted support.

For and on behalf of the Board
Motherson Sumi Systems Limited

Place: Noida — **V.C. Sehgal**
Date: June 02, 2008 — Chairman

Annexure `A' to Directors' Report

Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, forms part of Directors' Report.

A. Conservation of energy

a) **Energy conservation measures taken:**

The Company has constantly been emphasizing on optimization of energy consumption in every possible area in its units. Periodical exploration of various avenues and careful analysis and planning measures are being initiated to minimize the consumption of energy through optimum utilisation of energy consuming equipment. During the year under review, the following measures were initiated/adopted for the conservation and optimized utilization of energy.

- Installation of occupancy sensor to switch-off lights automatically
- Installation of auto switch-off timer in fans
- Reduction in energy consumed by replacing high wattage bulbs on machines to low wattage LEDs.
- Energy saving tube lights installed across all units
- Installed variable drive motors on compressors
- Daylight sensors on street lights
- Optimized air-cooling systems

b) **Future proposals for energy conversion**

The Company will take necessary measures as may be required from time to time for conversion of energy.

c) **Impact of the measures at (a) & (b) above for reduction of energy consumption**

The above measures will result in energy saving and a consequent decrease in the cost of production.

B. Technology absorption

The following efforts are being made in technology absorption:

Research and Development (R&D)

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

   The Company has been continuously working towards enhancing its research and development capabilities. In addition to enhancing capabilities in the area of wiring harness design and adoption of new methods and techniques for manufacturing and assembly of harnesses, the Company is also focusing in enhancing its capabilities in the area of jigs and applicators designing and manufacturing.

   The Company has been keeping pace with the technological advances by implementation of state-of-the-art manufacturing practices. Research and Development was carried out for the development of new models for several Indian and overseas customers.

   In process engineering, the Company introduced silicon sealing machines required for earth terminals.

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

   The benefits derived as a result of the above research and development programmes was in the form of winning new businesses, building confidence of existing customers and reducing the time to market.

3. **Future plan of action**

   Steps are continuously being taken for innovation and renovation of products and enhancement of product quality/profile is being performed to offer better products at relatively affordable prices.

4. **Expenditure on R&D**

   During the year, the Company spent Rs. 29.21 million. This is equivalent of 0.22% of the turnover.

Technology absorption, adaptation and innovation

With the changing requirements in wiring harness manufacturing, the Company has acquired new machines and processes as per the product requirements. The Company has successfully implemented a number of Kaizen-led improvements to enhance productivity and manufacturing efficiency.

In addition to technicians providing on-site support, the Company regularly teams with its collaborator for designing and developing new harnesses for future models to be introduced by the OEMs,

– **Benefits derived as a result of the above efforts:** The Company is now partnering the new development and designing with its major customers.

– **Imported technology:** The Company has access and implemented the latest processes and techniques in its manufacturing and design facilities.

C. Foreign exchange earnings and outgo

1. **Export activities, incentives to increase exports and developments of new export markets are discussed below.**

   The Company has continued to maintain focus and avail of export opportunities based on economic consideration. During the year, the Company has exports (FOB value) worth Rs. 2,499.31 million.

2. **Total foreign exchange used and earned**

	(Rs. in million)
a. Total foreign exchange earned	2,526.34
b. Total foreign exchange used	4,777.07

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

For and on behalf of the Board
Motherson Sumi Systems Limited

Place: Noida
Date: June 02, 2008

V.C. Sehgal
Chairman

Report on Corporate Governance

Company's philosophy on Corporate Governance

Corporate Governance is based on the principles of integrity, transparency, accountability and commitment to values. Your Company views its policies of Corporate Governance not only to comply with the statutory requirements in letter and spirit, but also to aim at implementing the best practices, keeping in view the overall interest of all its stakeholders. Your Company takes Corporate Governance as a critical to enhance trust of the Company's customers, employees, investors, Government and the community at large.

Board of Directors

The Board presently comprises the majority of Non-Executive and Independent Directors, who are eminent professionals with rich experience in business, finance and public enterprises. The composition of the Board and the number of other directorships held by each Director and relevant information for their category as on 31.03.2008 is given in the table below:

Name of the Director	Executive/Non- Executive/ Independent	Other directorship (in public co.)	Committee memberships	Committee chairmanships
Mr. V.C. Sehgal	Non-Executive Chairman	11	5	NIL
Mr. Toshimi Shirakawa	Non-Executive Director	2	1	NIL
Mr. M.S. Gujral	Independent Director	4	6	4
Mr. Hiroto Murai	Non-Executive Director	2	NIL	NIL
Maj. Gen. Amarjit Singh (Retd.)	Independent Director	2	4	NIL
Mr. Bimal Dhar	Non-Executive Director	10	2	NIL
Mr. Akihiko Yamauchi #	Executive/Whole-time Director	2	1	NIL
Mr. Arjun Puri	Independent Director	1	2	NIL
Mr. Masahiro Matsushita (Alternate Director to Mr. Hiroto Murai)	Non-Executive Director	2	NIL	NIL
Mr. Pankaj Mital (Alternate Director to Mr. Bimal Dhar)	Executive/Chief Operating Officer	1	1	1

resigned from the directorship of the Company w.e.f. 02.06.2008; consequently, he ceased to be a Whole-time Director of the Company.

Note – Mr. Toshihiro Watanabe, appointed as an Additional Director as well as Whole-time Director of the Company w.e.f. 02.06.2008.

Attendance at Board meetings and Annual General Meetings

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

The information regularly supplied to the Board of Directors includes:

1. Annual operating plans and budgets and updates
2. Quarterly performance of our various units/divisions
3. Materially important legal cases
4. Details of any joint venture or collaboration agreement
5. Developments on human resource of the Company

The Board of Directors of the Company met seven times during the year 2007-2008: (i) 26.05.2007 (ii) 30.07.2007 (iii) 18.10.2007 (iv) 25.10.2007 (v) 22.12.2007 (vi) 14.01.2008 and (vii) 28.01.2008.

The table for the attendance record of the Directors is given below:

Name of the Director	No. of Board meetings attended	Attendance at the last Annual General Meeting
Mr. V. C. Sehgal	6	Yes
Mr. Toshimi Shirakawa	3	Yes
Mr. M. S. Gujral	6	Yes
Mr. Hiroto Murai	NIL	No
Maj. Gen. Amarjit Singh (Retd.)	7	Yes
Mr. Bimal Dhar	4	Yes
Mr. Akihiko Yamauchi #	6	Yes
Mr. Arjun Puri	4	Yes
Mr. Pankaj Mital (Alternate Director to Mr. Bimal Dhar)	3	Yes
Mr. Masahiro Matsushita (Alternate Director to Mr. Hiroto Murai)	3	Yes

resigned from the Directorship of the Company w.e.f. 02.06.2008

Remuneration of Directors

The details of the payments made to the Directors for 31.03.2008 are as follows:

Name of the Director	Gross remuneration (Rs.)	Sitting fee* (Rs.)	Total (Rs.)
Mr. M.S. Gujral	Nil	180,000	180,000
Maj. Gen. Amarjit Singh (Retd.)	Nil	240,000	240,000
Mr. Arjun Puri	NIL	100,000	100,000

* Includes sitting fees paid for committee meetings

Name of the Director	Salary	Amount
Mr. Akihiko Yamauchi #	Basic salary	1,440,000
	Other benefits	2,837,480
	Total	4,277,480
Mr. Pankaj Mital	Basic salary	2,502,060
	Bonus	3,67,200
	Other benefits	5,87,160
	Total	3,456,420

resigned from the directorship of the Company w.e.f. 02.06.2008

Audit Committee

The Audit Committee of the Company comprises the majority of Independent Directors. The members of the Audit Committee met four times during the year 2007-08 and the committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board. The dates on which the meetings were held are:

(i) 26.05.2007 (ii) 30.07.2007 (iii) 25.10.2007 and (iv) 28.01.2008.

The composition and attendance of each member of the Committee is given below:

Name	Designation	Non-Executive/Independent	Committee meetings attended
Mr. M.S. Gujral	Chairman	Independent	3
Maj. Gen. Amarjit Singh (Retd.)	Member	Independent	4
Mr. Toshimi Shirakawa	Member	Non-Executive	3
Mr. Arjun Puri	Member	Independent	1

The terms of reference of the Audit Committee comprises the following:

a) To hold periodic discussions with the statutory auditors and internal auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the auditors/internal auditors.

b) To review compliance with internal control systems.

c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.

d) To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to by the Board and for this purpose to seek any relevant information contained in the records of the Company and also to seek professional advice, if necessary.

e) To review the Company's financial and risk management policies.

f) To obtain external advice, legal or other professional advise

g) To secure attendance of outside parties with relevant expertise, if it considers necessary.

h) To seek information from any employee

Investors' Grievance Committee

The Company has an Investors' Grievance Committee which looks into the shareholders' and investors' grievances. The following are the members of the committee:

Name	Designation	Executive/ Non-Executive/ Independent
Mr. M.S. Gujral	Chairman	Independent/ Non-Executive
Mr. Akihiko Yamauchi #	Member	Executive

ceased to be member of the Committee w.e.f. 02.06.2008 and was replaced by Mr. Toshihiro Watanabe, nominated as member of the Committee.

Mr. G.N. Gauba, Company Secretary, is the Compliance Officer.

Share transfers

- All shares have been transferred and returned in about 20 days from the date of receipt provided that the documents have been cleared in all respects
- The Share Transfer Committee usually meets once a fortnight
- The total number of shares transferred during the year 2007-08 was 57,742 as compared to 73,317 during 2006-07
- As on 31.03.2008, there are no equity shares pending for transfer.

Investor relations

There were 144 complaints relating to the non-receipt of shares after transfer, non-receipt of dividend, etc.

All the complaints received during the year were cleared within the financial year.

The Company responds within 10 days from the date when a complaint is lodged.

Particulars of the past three AGMs:

Annual General Meeting	Date	Time	Venue	Special Resolutions passed
18th	18.08.2005	11:00 A.M.	FICCI Golden Jubilee Auditorium, New Delhi	Nil
19th	07.08.2006	11:00 A.M.	FICCI Golden Jubilee Auditorium, New Delhi	Nil
20th	30.07.2007	3:30 P.M.	FICCI Golden Jubilee Auditorium, New Delhi	Issue of bonus shares in the ratio of 1 share for every 2 shares held

During the year under review, the Company conducted one postal ballot as required under the Companies (passing of Resolution by Postal Ballot) Rules, 2001, for passing the Ordinary Resolution which relate to the creation of mortgages/charges/hypothecations on the immovable and movable properties of the Company. Mr. Suresh Shetty was the scrutiniser for conducting the postal ballot. The Ordinary Resolution passed by an overwhelming majority.

Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement:

Rs. in million

Name of Company	Status	Nature	Balance as on March 31		Maximum outstanding
			2008	2007	During the year
MSSL Mideast (FZE)	100% Subsidiary	Loan	326.48	281.07	326.48
MSSL Mauritius Holdings Limited	100% Subsidiary	Loan	–	15.57	51.33
MSSL Handels GmbH	100% Subsidiary	Loan	9.62	8.69	9.62
MSSL (GB) Limited	100% Subsidiary	Loan	84.13	105.46	105.46
MSSL (S) Pte Ltd	100% Subsidiary	Loan	–	1.46	1.46
MSSL Tooling Limited (FZE)	100% Subsidiary	Loan	–	59.79	61.58
Global Environment Management (FZC)	50.07% Subsidiary	Loan	23.02	47.52	50.50
MSSL Australia Pty Limited	80% Subsidiary	Loan	235.46	24.82	235.46

Disclosures

- No transaction of material nature has been entered into by the Company with the Directors or the management and their relatives, etc. that may have a potential conflict with the interests of the Company
- Transactions with the related parties are disclosed in Note no. B (23) of Schedule XIII to the accounts in the Annual Report
- No penalties or strictures were imposed by SEBI or the stock exchange
- All mandatory requirements have been complied with and non-mandatory requirements have not been complied with

Means of communication

- The annual, half-yearly and quarterly results are regularly posted by the Company on its website www.motherson.com. These are also submitted to the stock exchanges in accordance with the Listing Agreement and published in leading newspapers like the Business Standard
- Management discussion and analysis report forms a part of the Annual Report.

Shareholders' information

1. Annual General Meeting to be held

- Date : 11.08.2008
- Day : Monday
- Time : 11:30 A.M.
- Venue : FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi

2. Financial calendar (tentative and subject to change)

Financial reporting for the first quarter ending 30.06.2008: July, 2008

Financial reporting for the second quarter ending 30.09.2008: October 2008

Financial reporting for the third quarter ending 31.12.2008: January, 2009

Financial results for the year ending 31.03.2009: May, 2009

3. Book Closure date:
05.08.2008 to 11.08.2008 (both days inclusive)

4. Dividend payment date: on or after 11.08.2008

5. Listing on stock exchanges

- Equity shares

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai
Code: 517334

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra - Kurla Complex
Bandra (E), Mumbai
Code: MOTHERSUMI

Delhi Stock Exchange Association Limited
DSE House,
3/1, Asaf Ali Road, Delhi

Ahmedabad Stock Exchange
Kamdhenu Complex,
Near Polytechnic Panjara Pole
Ahmedabad

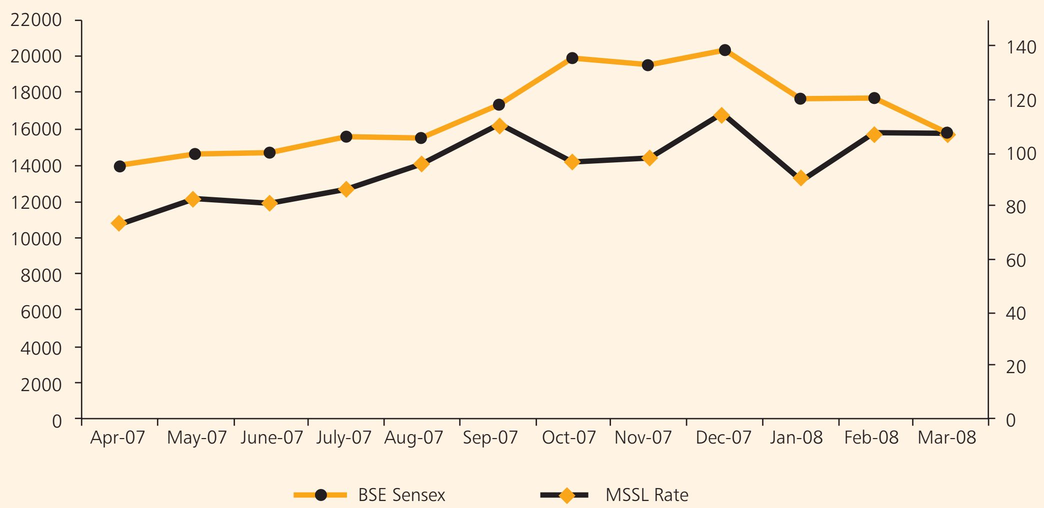
- Bonds:

Singapore Exchange Securities Trading Ltd.
2, Shenton Way
19-00 SGX Centre I
Singapore (FCCBs only)

6. Market price data

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April – 2007	86.00	66.70	76.65	67.35
May – 2007	100.97	67.00	101.20	66.65
June – 2007	86.47	77.67	86.60	75.40
July – 2007	91.33	79.37	91.35	78.65
August – 2007	97.00	74.67	101.90	79.35
September–2007	115.00	92.50	112.20	93.20
October – 2007	112.75	90.10	114.00	89.00
November – 2007	111.00	90.00	110.00	90.00
December – 2007	119.95	94.15	119.00	86.40
January – 2008	123.90	81.35	123.20	79.00
February – 2008	109.50	84.50	110.00	80.00
March – 2008	114.80	88.60	115.00	85.15

7. Performance in comparison to broad based indices



8. Shareholding pattern of the Company as on 31.03.2008

Category	No. of shares held	% of shareholding
Indian promoters	121,547,281	34.19
Foreign promoters	131,063,670	36.86
Financial institutions, mutual funds and banks	15,555,947	4.38
Foreign institutional investors	21,476,082	6.04
Bodies corporate	26,965,726	7.58
General public (Individuals)	37,626,444	10.58
NRIs/trusts	1,304,112	0.36
Clearing members *	14,538	0.01
Total	**355,553,800**	**100.00**

* These shares are lying in pool account of NSDL/CDSL since buyers' identities are not established

Registrar and transfer agents

The Registrar and Transfer Agent (RTA) of the Company is M/s Karvy Computershare Pvt. Ltd. The investors can send their queries to:

M/s Karvy Computershare Pvt. Ltd.
(Unit – Motherson Sumi Systems Ltd.)
46, Avenue 4, Street no. 1, Banjara Hills
Hyderabad – 500 034
Ph. No. : 040-23312454
Fax No. : 040-23311968
e-mail : mailmanager@karvy.com

Share transfer system

To expedite the share transfer process in the physical segment, authority has been delegated to the Share Transfer Committee which comprises:

Mr. V.C. Sehgal

Mr. Akihiko Yamauchi #

Mr. Pankaj Mital

ceased to be member of the Committee w.e.f. 02.06.2008 and to replace Mr. Toshihiro Watanabe was nominated as a member of the committee.

Share transfer/transmissions, approved by the Committee, are placed at the Board Meeting from time to time.

Distribution of shareholding as on 31.03.2008

Range (amount)	No. of shareholders	% of shareholders to total	No. of shares	% of shares to total
1 – 5,000	7,108	85.19	4,517,171	1.27
5,001-10,000	904	10.84	5,016,083	1.41
10,001 – 20,000	148	1.77	1,876,012	0.53
20,001 – 30,000	50	0.60	1,218,784	0.34
30,001- 40,000	19	0.23	631,230	0.18
40,001 – 50,000	12	0.14	539,606	0.15
50,001 – 1,00,000	37	0.44	2,505,450	0.71
1,00,001and above	66	0.79	339,249,464	95.41
Total	**8,344**	**100.00**	**355,553,800**	**100.00**

12. Dematerialization of shares and liquidity

Your Company's shares are tradable compulsorily in the electronic form; the Company has also established connectivity with both the depositories i.e. NSDL and CDSL. The members are requested to dematerialise their physical holding considering the various advantages in dematerialised form.

Demat ISIN Number in NSDL and CDSL for equity shares:

ISIN No. INE775A01035

13. Plant locations:

Noida (Uttar Pradesh)
Faridabad (Haryana)
Gurgaon (Haryana)
Manesar (Haryana)
Pune (Maharashtra)
Bangalore (Karnataka)
Chennai (Tamilnadu)
Pondicherry

Representative office(s)

Austria
Sharjah
Germany

14. Investors' correspondence may be addressed to:

Mr. G.N. Gauba.
Vice President (Finance) & Company Secretary
3rd Floor, Bhageria House
43, Community Centre
New Friends Colony
New Delhi - 110 025
Email: investorrelations@mssl.motherson.com

The above report has been placed before the Board at its meeting held on June 02, 2008 and the same was approved

Declaration

This is to confirm that the Company has adopted a Code of Conduct for Board of Directors and Senior Management and the same is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2008 received from the Board of Directors and Senior Management a declaration of compliance with the Code of Conduct.

for Motherson Sumi Systems Limited

Date: June 02, 2008
Place: Noida

Pankaj Mital
Chief Operating Officer

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the members of

Motherson Sumi Systems Limited

We have examined the compliance of conditions of Corporate Governance by Motherson Sumi Systems Limited, for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by The Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Kaushik Dutta
Partner
Membership No: F-88540

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New York
Date: June 02, 2008

Financial Section

Auditors' Report

To the Members of
Motherson Sumi Systems Limited

1. We have audited the attached Balance Sheet of Motherson Sumi Systems Limited, as at March 31, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:

i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

ii) a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

b) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items/services purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under.

vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, excise duty, service tax, customs duty, and other material statutory dues as applicable, with the appropriate authorities.

b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of income-tax, wealth tax, and cess as at March 31, 2008 which have not been deposited on account of a dispute. The particulars of dues of service tax and custom duty that have not been deposited on account of a dispute are as follows -

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Service tax	311,367	1999-2000 and 2000-2001	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Indian Customs Act, 1962	Custom Duty	444,456	2006-2007	Commissioner (Appeals)

x) The Company has no accumulated losses as at March 31, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.

xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

xix) The Company does not have any debentures outstanding as at the year end.

xx) The management has disclosed the end use of money raised by public issue during the previous year (Refer Note B (21) of Schedule XIII) and the same has been verified by us.

xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

4. Further to our comments in paragraph 3 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

e) On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kaushik Dutta
Partner
Membership No. F88540

For and on behalf of
Price Waterhouse
Chartered Accountants
New York
June 02, 2008

Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

	Schedule	31.03.2008	31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	355,554	234,889
Reserves & Surplus	II	3,668,964	2,774,924
		4,024,518	3,009,813
Loan Funds			
Secured Loans	III	1,584,635	946,392
Unsecured Loans	IV	3,025,986	3,033,654
Deferred tax liability (net) (Refer B (19) of Schedule XIII)		22,746	50,963
Total		**8,657,885**	**7,040,822**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	V	6,790,514	5,577,885
Less: Depreciation		2,667,273	2,328,390
Net Block		4,123,241	3,249,495
Capital Work in Progress		196,548	68,162
		4,319,789	3,317,657
Investments	VI	1,775,327	1,300,206
Current Assets, Loans and Advances	VII		
Inventories		1,484,949	1,204,816
Sundry Debtors		2,046,196	1,686,153
Cash & Bank Balances		326,610	365,922
Loans & Advances		1,925,607	1,400,943
		5,783,362	4,657,834
Less: Current Liabilities & Provisions	VIII		
Current Liabilities		2,129,580	1,532,770
Provisions		1,510,799	1,286,940
		3,640,379	2,819,710
Net Current Assets		2,142,983	1,838,124
Miscellaneous Expenditure (To the extent not written off or adjusted)	IX	419,786	584,835
Total		**8,657,885**	**7,040,822**
Significant Accounting Policies and Notes forming part of the Accounts	XIII		

This is the Balance Sheet referred to in our report of even date

The schedules referred above form integral part of the Balance Sheet

for and on behalf of the Board

Kaushik Dutta
Partner
M.No.: F88540

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New York
Date : June 02, 2008

V. C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

G. N. Gauba
Co. Secretary & V.P. Finance

Place: Noida
Date : June 02, 2008

Profit and Loss Account for the year ended March 31, 2008

(Figures in Rs. Thousands)

	Schedule	31.03.2008	31.03.2007
INCOME			
Sale of Finished Goods (Gross)		15,155,792	12,384,724
Less: Excise duty		2,124,779	1,572,536
Sale of Finished Goods (Net)		13,031,013	10,812,188
Other Income	X	447,381	184,877
Total		**13,478,394**	**10,997,065**
EXPENDITURE			
Manufacturing and other expenses	XI	11,117,115	8,955,117
Depreciation and Impairment		500,629	447,445
Interest (net)	XII	218,657	177,926
Total		**11,836,401**	**9,580,488**
Profit Before Taxation		**1,641,993**	**1,416,577**
Tax Expense			
Provision for Current Income Tax		370,472	371,000
Provision for Deferred Income Tax (Refer B (19) of Schedule XIII)		(28,217)	(52,312)
Provision for Fringe Benefit Tax		15,500	11,800
Provision for Wealth Tax		2,500	2,000
		1,281,738	1,084,089
Less : Income Tax for earlier years written back		(179)	(57,684)
Profit After Taxation		**1,281,917**	**1,141,773**
Add: Balance brought forward from previous year		1,126,739	647,180
Surplus Available For Appropriation		**2,408,656**	**1,788,953**
APPROPRIATIONS			
Transfer to General Reserve		250,000	250,000
Proposed Dividend		479,999	352,335
Tax on Dividend		81,576	59,879
Balance Carried to Balance Sheet		1,597,081	1,126,739
Total		**2,408,656**	**1,788,953**
Earning per share (Basic/ Diluted) of face value Re. 1/- each		3.63	3.24
(Refer A(11) & B(18) of Schedule XIII)			
Significant Accounting Policies and Notes forming part of the Accounts	XIII		

This is the Profit and Loss Account referred to in our report of even date

The schedules referred above form integral part of the Profit and Loss Account

for and on behalf of the Board

Kaushik Dutta
Partner
M.No.: F88540

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New York
Date : June 02, 2008

V. C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

G. N. Gauba
Co. Secretary & V.P. Finance

Place: Noida
Date : June 02, 2008

Cash Flow Statement for the year ended March 31, 2008

(Figures in Rs. Thousands)

	2007-08	2006-07
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	1,641,993	1,416,577
Adjustments for:		
Depreciation and Impairment	500,629	447,445
Interest Expense	264,809	255,532
Interest Income	(46,152)	(77,606)
Income from Investment - Dividends	(293)	(45,353)
Lease Rent	2,118	764
(Profit)/Loss on Fixed Assets sold	(247,758)	(3,854)
Debts / Advances Written off	841	2,096
Provision for Bad & Doubtful Debts / Advances	(1,389)	750
Liability no longer required written back	(14,483)	(3,079)
Provision for Gratuity & Leave Encashment	6,949	9,869
Provision for diminution in carrying amount of current investments	(5)	34
Unrealised foreign exchange (gain) /loss	231,345	156,215
Provision for warranty	–	(46)
Operating profit before working capital changes	**2,338,604**	**2,159,344**
Adjustments for changes in working capital :		
– (Increase)/ Decrease in Sundry Debtors	(310,924)	(690,572)
– (Increase)/ Decrease in Other Receivables	(519,589)	(385,403)
– (Increase)/ Decrease in Inventories	(280,133)	(286,661)
– Increase/ (Decrease) in Trade and Other Payables	506,473	303,615
Cash generated from operations	**1,734,431**	**1,100,323**
– Taxes (Paid) / Received (net of TDS and refunds received)	(318,401)	(340,244)
Net cash from operating activities	**1,416,030**	**760,079**
B. Cash flow from Investing activities:		
Purchase of fixed assets Including CWIP	(1,598,459)	(866,716)
Proceeds from Sale of fixed assets [1]	357,908	14,056
Purchase of investments (including advance against equity)	(475,116)	(1,065,867)
Loan to Subsidiaries/Joint Venture (net)	115,144	140,464
Lease Rent Payment	(2,118)	(764)
Interest Received (Revenue)	34,019	73,450
Dividend Received	293	45,353
Net cash used in investing activities	**(1,568,329)**	**(1,660,024)**

Cash Flow Statement *(Contd.)*

(Figures in Rs. Thousands)

	2007-08	2006-07
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings		
Receipts	118,743	233,431
Payments	(243,987)	(188,342)
Proceeds from short term borrowings		
Receipts	42,500	40,000
Payments	–	(45,199)
Proceeds from Cash Credits (net)	708,574	(46,359)
Interest Paid	(101,145)	(77,286)
Dividend Paid	(351,733)	(269,434)
Dividend Tax Paid	(59,879)	(37,885)
Net cash generated/ (used) in financing activities	**113,073**	**(391,074)**
Net Increase/(Decrease) in Cash & Cash Equivalents	(39,226)	(1,291,019)
Cash and cash equivalents Opening	365,922	1,622,307
Total Cash and Cash Equivalents as per cash flow statement	**326,696**	**331,288**
Cash and cash equivalents comprise		
Cash In Hand	4,079	2,469
Cheques In Hand	220,357	9,529
Balance with Scheduled Banks	97,108	352,581
Balance with Non - Scheduled Banks	5,066	1,343
Cash and cash equivalents as per Balance Sheet (restated)	326,610	365,922
Add: Net unrealised loss /(gain) on Foreign Currency cash & Equivalents	86	(34,634)
Cash and cash equivalents Closing	**326,696**	**331,288**

[1] Includes proceeds from sale of land Rs. 344,000 thousand (Previous Year Rs. Nil).

i) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India .

ii) Previous year's figures have been regrouped wherever necessary to conform to the current year's classification .

iii) Following non cash transactions have not been considered in the cash flow statement :

-Tax deducted at source on income

iv) Figures in brackets indicate cash outgo.

This is the Cash Flow Statement referred to in our report of even date

for and on behalf of the Board

Kaushik Dutta
Partner
M.No.: F88540

V. C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

For and on behalf of
Price Waterhouse
Chartered Accountants

G. N. Gauba
Co. Secretary & V.P. Finance

Place: New York
Date : June 02, 2008

Place: Noida
Date : June 02, 2008

Schedules forming part of the Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

		31.03.2008	31.03.2007
Schedule I – Share Capital			
Authorised			
803,000,000	Equity Shares of Re. 1/- each (Previous Year 803,000,000 Equity Shares of Re. 1/- each)	803,000	803,000
Issued[1]			
355,557,000	Equity Shares of Re. 1/- each (Previous Year 234,892,400 Equity Shares of Re. 1/- each)	355,557	234,892
Subscribed and Paid up[1]			
355,553,800	Equity Shares of Re. 1/- each (Previous Year 234,889,200 Equity Shares of Re. 1/- each)	355,554	234,889
	(Of the above shares 6,090,000 (Previous Year 6,090,000) shares are allotted as fully paid up pursuant to a contract for consideration other than cash) (Of the above shares 282,737,000 (Previous Year 165,292,400) shares are allotted as fully paid bonus shares by way of capitalisation of securities premium & general reserve).		
	(Of the above shares 3,220,000 (Previous Year Nil) shares are allotted by way of capitalisation of Zero Coupon Foreign Currency Convertible Bonds).		
		355,554	**234,889**

[1] During the year the Company has made allotment of 117,444,600 equity shares of Re. 1/- each as bonus shares in proportion of one equity share for every two equity shares held and 3,220,000 equity shares of Re. 1/- each pursuant to conversion of Zero Coupon Foreign Currency Convertible Bonds (Refer B(3) of Schedule XIII).

	31.03.2008		31.03.2007	
Schedule II – Reserves & Surplus				
Revaluation Reserve		20,031		20,031
Reserve on Amalgamation		572,346		572,346
Securities Premium Account				
Additions during the year [1]	291,143		–	
Deductions during the year	–	291,143	–	–
General Reserve				
As per Last Balance Sheet	1,055,808		805,808	
Additions during the year	250,000		250,000	
Deductions during the year [2]	117,445	1,188,363	–	1,055,808
Profit and Loss Account				
As per Last Balance Sheet	1,126,739		647,180	
Additions during the year	720,342		729,559	
Deductions during the year	250,000	1,597,081	250,000	1,126,739
Total		**3,668,964**		**2,774,924**

[1] Consequent on conversion of Zero Coupon Foreign Currency Convertible Bonds (Refer B(3) of Schedule XIII).

[2] Utilised for issue of bonus share in proportion of one equity share for every two equity shares held.

Schedules forming part of the Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule III – Secured Loans		
Short term loans from banks [1]		
Rupee Loan	1,169,976	345,370
Foreign currency Loan	124,933	230,379
Long Term Loans		
i) From Banks		
Rupee Loan	–	158,265
Foreign currency Loan [2,3]	244,086	191,494
ii) From Others		
Rupee Loan [4]	14,433	20,884
Vehicle Loan [5]	31,207	–
Total	**1,584,635**	**946,392**

1 Secured by first charge by way of hypothecation of all present and future stocks, book debts and other specified moveable assets of the Company and second charge by way of hypothecation of all immoveable property.

2 Long terms loans due within a year Rs. 50,137 thousand (Previous Year Rs.54,713 thousand).

3 Secured by first pari-passu charge on entire fixed assets both moveable and immoveable of the Company present and future and second pari-passu charge on the entire current assets of the Company. These are also secured by way of deposit of title deeds of specified properties.

4 i) Tooling advances received from customers are repayable by way of amortisation on supply of components and hence cannot be distinguished between short term and long term.

ii) Secured by hypothecation of specific moulds used for production of components

5 i) Due within a year Rs10,449 thousand (Previous Year Rs. Nil).

ii) Secured by hypothecation of specific vehicles purchased against such loans.

	31.03.2008	31.03.2007
Schedule IV – Unsecured Loans		
Short term loans[1]		
From Subsidiaries	32,500	–
Other than Banks	52,400	42,400
Long term loans [2]		
Zero Coupon Foreign Currency Convertible Bonds (Refer B (3) of Schedule XIII)	2,891,412	2,914,080
Other than Banks [3]	49,674	77,174
Total	**3,025,986**	**3,033,654**

1 Repayable on demand.

2 Long Term Loan due within a Year Rs. Nil (Previous Year Rs.Nil).

3 Tooling advances received from customers are repayable by way of amortisation on supply of components and hence cannot be distinguished between short term and long term.

Schedules forming part of the Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

Schedule V – Fixed Assets (Refer A(2), A(8) & A(12) of Schedule XIII)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	**As at 31.03.2007**	**Additions during the year[1]**	**Deletions / Sale/ Adjustments[2]**	**Total as at 31.03.2008**	**Upto 31.03.2007**	**Depreciation for the year**	**Depreciation on Deletions/ Sales/ Adjustments[2]**	**Upto 31.03.2008**	**As at 31.03.2008**	**As at 31.03.2007**
Tangible Assets										
Leasehold Land	357,870	312,309	107,798	562,381	12,987	4,639	3,839	13,787	548,594	344,883
Freehold Land	164,100	141,554	–	305,654	–	–	–	–	305,654	164,100
Leasehold Improvements	52,777	9,916	–	62,693	29,089	1,000	–	30,089	32,604	23,688
Building	1,042,771	208,556	24,165	1,227,162	153,343	38,143	7,010	184,476	1,042,686	889,428
Plant & Machinery	3,522,171	790,600	187,342	4,125,429	1,846,899	353,278	100,339	2,099,838	2,025,591	1,675,272
Furniture, Fixtures & Office equipments	119,189	8,853	808	127,234	87,379	10,565	308	97,636	29,598	31,810
Computers	137,406	29,586	5,249	161,743	106,215	21,184	2,875	124,524	37,219	31,191
Vehicles	181,601	60,002	23,385	218,218	92,478	43,013	18,568	116,923	101,295	89,123
Total	**5,577,885**	**1,561,376**	**348,747**	**6,790,514**	**2,328,390**	**471,822**	**132,939**	**2,667,273**	**4,123,241**	**3,249,495**
Previous Year	4,507,765	1,114,664	44,544	5,577,885	1,915,287	447,445	34,342	2,328,390	3,249,495	2,592,478
Capital Work in Progress[3]									196,548	68,162
									4,319,789	3,317,657

1 Consequent to the notification of AS-11' The Effects of Changes in Foreign Exchange Rates' under Section 211 (3C) of the Companies Act,1956, the Company has charged to profit & loss account, the exchange fluctuation on liabilities incurred for acquisition of fixed assets outside India. The above change does not have any material effect on the financial statements for the year ended March 31, 2008. In the previous year, additions include adjustments on account of exchange fluctuation (net) (Rs. 612 thousand)

2 Includes deletion of assets with net block amounting to Rs. 105,656 thousand (net of depreciation amounting to Rs.106,172 thousand) (Previous Year Rs.Nil) on account of fire (Refer B(6) of Schedule XIII).

3 Net of impairment loss amounting to Rs.28,807 thousand (Previous Year Rs.Nil) recognised (Refer B(7) of Schedule XIII).

Schedules forming part of the Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

Particulars	31.03.2008	31.03.2007
Schedule VI – Investments (Refer A(3) of Schedule XIII)		
A. Unquoted (At Cost)		
In Subsidiaries (Long-term Investments)		
Motherson PUDENZ WICKMANN Ltd.[1]	9,045	9,045
1,403,226 equity shares (1,403,226) of Rs. 10/- each fully paid up		
MSSL Mauritius Holding Ltd.[1]	22,452	22,452
525,000 equity shares (525,000) of 1 Euro each fully paid up		
MSSL Mideast (FZE) [1]		
1 equity share (1) of AED 150,000 equivalent to Euro 46,875 each fully paid up	1,997	1,997
Advance against preference shares	708,071	521,406
MSSL Handels GmbH [1]	1,835	1,835
1 equity share (1) of Euro 35,000 each fully paid up		
Motherson Electrical Wires Lanka Pvt. Ltd. [1]	6,857	6,857
1,456,202 equity shares (1,456,202) of Srilankan Rs. 10/- each fully paid up		
MSSL (S) Pte Ltd. [1]		
100,000 equity shares (100,000) of S$ 1/- each fully paid up	2,655	2,655
MSSL (S) Pte Ltd. [1]		
1,800,000 preference shares (1,800,000) of S$ 1/- each fully paid up	51,120	51,120
Advance against preference shares	282,105	198,199
In Others		
(Long-term Investments)		
Woco Motherson Elastomers Ltd.[1]	11,393	11,393
1,139,333 equity shares (1,139,333) of Rs. 10/- each fully paid up		
Woco Motherson Advanced Rubber Technologies Ltd.[1]	6,667	6,667
666,667 equity shares (666,667) of Rs. 10/- each fully paid up		
Woco Motherson Advanced Rubber Technologies Ltd.[1]	44,229	44,229
4,422,867 6% redeemable convertible non-cumulative preference shares (4,422,867) of Rs. 10/- each fully paid up		
Balda Motherson Solution India Ltd.[1] (Formerly Balda Motherson Info Devices Ltd.)		
14,430,578 equity shares (50,000) of Rs. 10/- each fully paid up	144,306	500
22,958,000 7% optionally convertible redeemable cumulative preference shares (22,958,000) of Rs. 10/- each fully paid up	229,580	229,580
Advance against equity	11,739	–
Visiocorp Motherson Ltd.[1] (Formerly Schefenacker Motherson Ltd.)	67,368	67,368
6,712,990 equity shares (6,712,990) of Rs. 10/- each fully paid up		
Saks Ancillaries Ltd.[1]	10,724	10,724
1,000,000 equity shares (1,000,000) of Rs. 10/- each fully paid up		
Kyungshin Industrial Motherson Ltd.[1]	86,080	86,080
8,600,000 equity shares (8,600,000) of Rs. 10/- each fully paid up		
Motherson Air Travel Agencies Ltd.[1]	1,206	1,206
120,000 equity shares (120,000) of Rs. 10/- each fully paid up		
Motherson Sumi Infotech & Designs Ltd.[1]	12,500	12,500
1,250,000 7% preference shares (1,250,000) of Rs. 10/- each fully paid up		
Calsonic Kansei Motherson Auto Products Ltd.[1]	49,000	–
4,900,000 equity shares (Nil) of Rs. 10/- each fully paid up		
(Current Investments)		
Lord Krishna Bank Ltd.	102	102
8,444 equity shares (8,444) of Rs. 10/- each fully paid up		
Total (A)	**1,761,031**	**1,285,915**

Schedules forming part of the Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

Particulars	31.03.2008	31.03.2007
Schedule VI – Investments (Refer A(3) of Schedule XIII) *(Contd.)*		
B. Quoted		
(Long–term Investments)		
Motherson Sumi Infotech & Designs Ltd.[1] 1,200,000 equity shares (1,200,000) of Rs.10/- each fully paid up	13,800	13,800
(Current Investments)		
Balrampur Chinni Mills Ltd 1,200 equity shares (1,200) of Rs. 10/- each fully paid up	10	10
Electrolux Kelvinator Ltd. (Formerly Intron Ltd.) 1,250 equity shares (1,250) of Rs. 10/- each fully paid up	12	12
Jaysynth Dyechem Ltd 100 equity shares (100) of Rs. 10/- each fully paid up	1	1
GIVO Ltd. 28,475 equity shares (28,475) of Rs. 10/- each fully paid up	219	254
Mahindra & Mahindra Ltd 1,822 equity shares (1,822) of Rs. 10/- each fully paid up	203	203
Pearl Engineering Polymers Ltd 3,160 equity shares (3,160) of Rs. 10/- each fully paid up	16	11
Daewoo Motors Ltd 6,150 equity shares (6,150) of Rs. 10/- each fully paid up	34	–
Inox Leasing & Finance Ltd 100 equity shares (100) of Rs. 10/- each fully paid up	1	–
Athena Financial Services Ltd.(earlier Kinetic Lease & Finance Ltd) 66 equity shares (66) of Rs. 10/- each fully paid up	0	–
Total (B)	**14,296**	**14,291**
Total (A+B)	**1,775,327**	**1,300,206**
Add: Provision for Diminution	–	–
Net Total	**1,775,327**	**1,300,206**

[1] Trade Investment

Note

a) Market value of quoted investments (Based on last traded price available as at March 31, 2008)	26,791	26,891
	No. of Shares	**Rs. in Thousands**
b) Investments made during the year		
– Equity Shares		
Balda Motherson Solution India Ltd.	14,381	143,806
Calsonic Kansei Motherson Auto Products Ltd.	4,900	49,000
– Advance Against Equity/ Preference Shares		
MSSL Mideast (FZE)	–	186,665
MSSL (S) Pte Ltd.	–	83,906
Balda Motherson Solution India Ltd.	–	11,739

Schedules forming part of the Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

Particulars		31.03.2008	31.03.2007
Schedule VII – Current Assets, Loans and Advances			
A. CURRENT ASSETS			
Stock in Trade			
i) Finished Goods		248,293	236,830
ii) Work in Progress		333,111	232,649
iii) Raw Material & Components		832,640	609,960
iv) Goods in Transit (Raw Material & Components)		65,408	121,511
v) Tools, Store & Spares		5,497	3,866
	(1)	**1,484,949**	**1,204,816**
Sundry Debtors (Unsecured, unless otherwise stated)			
i) Outstanding for more than six months			
Considered Good [1]		51,779	5,428
Considered Doubtful		7,603	8,492
		59,382	13,920
Less Provision for doubtful debts		7,603	8,492
		51,779	5,428
ii) Other Debts			
Considered good[2]		1,994,417	1,680,725
Considered Doubtful		–	–
		1,994,417	1,680,725
Less Provision for doubtful debts		–	–
	(2)	**2,046,196**	**1,686,153**
Cash and Bank Balances			
i) Cash in hand		4,079	2,469
ii) Cheques in hand		220,357	9,529
iii) Balance with			
(a) Scheduled Banks in			
i) Current Accounts		8,719	10,375
ii) Deposit account [3]		84,028	338,446
iii) Dividend Account		4,361	3,760
(b) Non Scheduled Banks in [4]			
i) Current Account with Bank Austria		1,527	–
ii) Current Account with HSBC Bank Middle East Ltd.		1,065	1,343
iii) Current Account with Commerz Bank Hanau Germany		2,474	–
	(3)	**326,610**	**365,922**
Total A (1+2+3)		**3,857,755**	**3,256,891**
B. Loans and Advances (Unsecured, unless otherwise stated)			
i) Advances recoverable in cash or in kind or for value to be received [5, 6]			
– Considered good		891,618	363,396
– Considered doubtful		2,966	3,466
		894,584	366,862
Less Provision for doubtful advances		2,966	3,466
		891,618	363,396
ii) Loan to Subsidiaries		336,095	307,433
iii) Loan to Joint Venture Company		3,314	147,120
iv) Deposits with Excise, Customs & Govt Authorities		694,580	582,994
Total B		**1,925,607**	**1,400,943**
Grand total (A+B)		**5,783,362**	**4,657,834**

1 Includes due from subsidiaries Rs. 22,235 thousand (Previous Year Rs.Nil)

2 Includes due from subsidiaries Rs. 176,273 thousand (Previous Year Rs.157,159 thousand)

Schedules forming part of the Balance Sheet as at March 31, 2008

[3] i) Includes Deposit out of proceeds of Zero Coupon Foreign Currency Convertible Bonds of Rs. Nil (Previous Year Rs.336,179 thousand)
ii) Deposits pledged with Excise & Sales Tax authorities Rs. 60 thousand (Previous Year Rs. 40 thosuand)
iii) Margin money Rs.4,901 thousand (Previous Year Rs. 2,227 thousand)

[4] Maximum balance outstanding during the Year :
i) Bank Austria Rs. 1,674 thousand (Previous Year Rs. 2,474 thousand)
ii) HSBC Bank Middle East Ltd. Rs.7,698 thousand (Previous Year Rs. 4,464 thousand)
iii) Commerz Bank Hanau Germany Rs.3,868 thousand (Previous Year Rs. 6,134 thousand)

[5] i) Includes due from subsidiaries Rs. 10,425 thousand (Previous Year Rs. 3,546 thousand)
ii) Includes capital advances of Rs.173,006 thousand (Previous Year Rs. 174,022 thousand)

[6] Refer B(6) of Schedule XIII

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule VIII – Current Liabilities and Provisions		
A. Current Liabilities		
i) Sundry Creditors [1]		
Total Outstanding dues of Micro & Small Enterprises [2]	3,270	2,620
Total outstanding creditors other than Micro & Small Enterprises	1,831,645	1,292,923
ii) Advance from customers	183,468	146,636
iii) Other Liabilities	102,724	81,334
iv) Investor Education & Protection Fund shall be credited by the following amount:		
– Unpaid Dividend	4,361	3,760
v) Interest Accrued but not due	4,112	5,497
	2,129,580	**1,532,770**
B. Provisions		
i) Premium on Redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer B(3) of Schedule XIII)	856,102	833,598
ii) For Dividend (including tax thereon)	561,573	412,214
iii) For Income tax (net) [3]	48,319	4,271
iv) For Fringe Benefit Tax (net) [4]	84	(415)
v) For Wealth tax	2,500	2,000
vi) For Employee benefit (Refer A(5) & B(22)of Schedule XIII)	40,221	33,272
vii) For Warranty (Refer B(20) of Schedule XIII)	2,000	2,000
	1,510,799	**1,286,940**
Total	**3,640,379**	**2,819,710**

[1] Includes due to subsidiaries Rs.118,855 thosuand (Previous Year Rs. 62,299 thousand)
[2] Refer B(4) of Schedule XIII
[3] Net of Advance Tax Rs. 1,070,516 thousand (Previous Year Rs. 744,353 thousand)
[4] Net of Advance Tax Rs. 40,609 thousand (Previous Year Rs. 25,608 thousand)

Schedule IX – Miscellaneous Expenditure (To the extent not written off or adjusted) (Refer B (3) of Schedule XIII)		
Premium on Redemption/ Issue Expenditure of Zero Coupon Foreign Currency Convertible Bonds		
Opening Balance	584,835	755,244
Less: Written off during the year	165,049	170,409
Total	**419,786**	**584,835**

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule X – Other income		
a) Dividend Received [1]		
– From other than Subsidiary companies	293	45,353
b) Rent	35,052	29,573
c) Provision for diminution in value of current investment written back	5	–
d) Sundries written back	14,483	3,079
e) Service Income	101,902	–
f) Profit on sale of Land	240,041	–
g) Profit on sale of Other Fixed assets (net)	7,717	3,854
h) Miscellaneous Income	47,888	103,018
Total	**447,381**	**184,877**
Tax deducted on source		
a) Rent	4,633	3,697
b) Service and Miscellaneous Income	12,974	8,499
[1] Includes dividend from Short term Non- Trade investments	293	153

	31.03.2008	31.03.2007
Schedule XI – Cost of materials and manufacturing and Other Expenses		
Materials consumed		
Opening Stock		
Raw materials	609,960	426,156
Work-in-progress	232,649	144,979
Finished goods	236,830	234,180
	1,079,439	**805,315**
Add : Purchases of Raw materials	8,082,570	6,670,370
Less: Closing Stock		
Raw materials	(832,640)	(609,960)
Work-in-progress	(333,111)	(232,649)
Finished goods	(248,293)	(236,830)
Less : Stock damaged due to fire (Refer B (6) of Schedule XIII)		
Raw materials	(59,860)	–
Work-in-progress	(28,022)	–
Finished goods	(17,425)	–
	(1,519,351)	**(1,079,439)**
Total consumption for goods sold	**7,642,658**	**6,396,246**
Salary , wages & bonus	974,181	710,323
Contribution to Provident & Other Fund	97,366	62,255
Staff Welfare	122,281	88,155
Electricity, Water and Fuel	235,017	215,215
Repairs and Maintenance		
Machinery	126,828	123,287
Building	119,736	65,144
Others	123,225	89,018
Consumption of Store and Spare parts	150,943	115,340
Conversion charges	155,750	149,400
Lease rent	2,118	764
Rent	58,358	51,909

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule XI – Cost of materials and manufacturing and Other Expenses *(Contd.)*		
Rates & taxes	2,793	16,932
Insurance	28,512	30,562
Donation	7,018	5,639
Travelling	164,299	125,066
Freight & forwarding	273,900	192,446
Royalty	68,088	50,797
Cash Discount	28,247	16,114
Commission	668	1,337
Provision for dimunition in value of Short Term Investments	–	34
Bad Debts / Advances written off	841	2,096
Legal & professional expenses	246,510	203,976
Exchange fluctuation(net)		
Foreign Currency Convertible Bonds	265,996	80,600
Others	(81,600)	(57,508)
Miscellaneous expenses	303,382	219,970
Total	**11,117,115**	**8,955,117**

Schedule XII – Interest (Net)		
Interest & Finance Expense		
Subsidiaries	2,153	834
Privately Placed Debentures	22,882	17,751
Fixed loans	9,657	14,437
Amortisation of Premium / Issue Expenditure on Redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer B (3) of Schedule XIII)	165,049	170,409
Others	65,068	52,101
Less : Interest Income (Gross)		
From Subsidiaries	19,740	33,338
From Bank Deposits	2,641	34,369
From Income Tax Refund	12,323	–
From Others	11,448	9,899
Total	**218,657**	**177,926**
Tax deducted on source		
Interest Income	2,299	2,802

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Convention

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act,1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. Fixed Assets and Depreciation

Fixed Assets

i) The fixed assets except as stated in (ii) below are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of inward freight, duties and taxes and other incidental expenses.

ii) The fixed assets of the Component Division of erstwhile Motherson Auto Components Engineering Limited (MACE) have

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

been stated at an amount inclusive of appreciation arising on revaluation of the assets by an approved valuer on December 31, 1998. The method adopted for revaluation of the assets are as under:

a) Land: Prevailing market rate of land as on the date of revaluation.

b) Buildings, Indigenous Plant and Machinery, Furniture and Fixtures, Moulds and Dies: Replacement value.

The Company charges assets Costing less than Rs. 5,000 to expense, which could otherwise have been included as Fixed Asset, because the amount is not material in accordance with Accounting Standard 10 -'Accounting for Fixed Assets'.

Depreciation

i) Depreciation on fixed assets except as stated in (ii) below, is provided from the month the asset is ready for commercial production on a pro-rata basis at the SLM rates prescribed in schedule XIV to the Companies Act, 1956 or based on useful life, whichever is higher. In accordance with the above policy the following assets are depreciated, at rates higher than those prescribed in schedule XIV of the Companies Act, 1956:

	Rate (%)
Computers	33.33
Vehicles	25.00
Furniture, fixtures & Office equipments	16.67
Electrical Installations	10.00
Specific Identified Plant & Machinery	25.00

ii) In respect of revalued assets, depreciation is being provided on the revalued amounts over the remaining useful life of the assets at the SLM rates. Leasehold Land is amortized over the balance period of lease.

3. Investments

Investments are classified into long term and current investments. Long-term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are carried at lower of cost and fair value. Fair value in the case of quoted investments refers to the market value of the investments arrived at on the basis of last traded prices as at the year-end.

4. Inventories

Stores and spares, loose tools are valued at cost or net realizable value, whichever is lower.

Raw materials, components, finished goods and work in progress are valued at cost or net realizable value, whichever is lower. The basis of determining cost for various categories of inventories is as follows:

i) Stores and Spares, Raw Materials and Components	First in First Out (FIFO) method
ii) Work in Progress and Finished Goods	Material cost plus appropriate share of labour and production overheads.
iii) Tools	Cost less amortization based on useful life of the items ascertained on a technical estimate by the management

5. Retirement Benefits

The Company makes regular contributions to the State administered Provident Fund which is charged against revenue. The Company provides for long term defined benefit schemes of gratuity and compensated absences on the basis of actuarial valuation on the balance sheet date based on the Projected Unit Credit Method. In respect of gratuity, the Company funds the benefits through annual contributions to Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. The actuarial valuation of the liability towards the defined benefits of the employees is made on the basis of assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on contributions to LIC. The Company recognizes the actuarial gains and losses in the profit and loss account in the period in which they occur.

6. Revenue Recognition

Sales are recognised upon the transfer of significant risks and rewards of ownership to the customers.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

7. **Foreign Exchange Transactions**

   Transactions involving foreign currencies are recorded at the exchange rate prevailing on the transaction date. Foreign currency monetary items are translated at the exchange rate prevailing at the balance sheet date and the gain/loss arising on such translation is charged to the profit and loss account. Premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of contract.

8. **Borrowing Costs**

   The borrowing costs on funds other than those directly attributable to the acquisition of a qualifying asset i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use, is charged to revenue in the period in which they are incurred.

   The borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset.

9. **Leases**

   Lease rental in respect of operating lease arrangements are charged to expense when due as per the terms of the related agreement on a straight-line basis over the lease period.

   Lease rentals in respect of finance lease transactions entered into prior to March 31, 2001 is charged to expense when due as per the terms of the related agreement. Finance lease transactions entered into after this date are considered as financing arrangements and the leased asset is capitalized at an amount equal to the present value of future lease payments and a corresponding amount is recognised as a liability. The lease payments made are apportioned between finance charge and reduction of outstanding liability in relation to leased asset.

10. **Taxation**

    Current Tax

    Current tax is provided on the basis of tax payable on estimated taxable income computed in accordance with the applicable provisions of Income tax Act, 1961 after considering the benefits available under the said Act.

    Deferred Taxes

    In accordance with Accounting Standard 22 – "Accounting for Taxes on Income", issued by The Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date.

    Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

    Fringe Benefit Tax

    Fringe benefit tax is determined based on the liability computed in accordance with relevant tax rates and tax laws.

11. **Earnings Per Share (EPS)**

    The earnings considered in ascertaining the Company's EPS comprises the net profit after tax (and includes the post tax effect of any extra ordinary items) attributable to equity shareholders. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effect of potential dilutive equity shares.

12. **Impairment Of Assets**

    Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price, and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

13. **Provisions And Contingent Liabilities**

    A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

B. NOTES TO THE ACCOUNTS

1. Contingent Liabilities:

(Figures in Rs. Thousands)

	As at March 31, 2008	As at March 31, 2007
a) In respect of Excise [1]	12,265	27,614
b) In respect of Customs	444	–
c) In respect of Entry Tax	2,667	2,522
d) In respect of Sales Tax	13,784	20,525
e) In respect of Service Tax	3,545	6,324
f) In respect of Stamp Duty	1,804	1,804
g) In respect of Income Tax	1,588	1,588
h) In respect of Labour Cases	14,891	5,359
i) The Company has given corporate guarantee in respect of : [2]		
i) Subsidiary Company	75,915	194,100
ii) Joint Ventures	–	97,500
j) Bank Guarantees / Letter of Credit furnished by the Company	46,015	158,578

[1] Excludes interest

[2] Actual amount outstanding

Subsidiary Company	Rs. NIL (Rs. 144,400 thousand)
Joint Ventures	Rs. NIL (Rs. 75,144 thousand)

Further, in respect of certain subsidiary companies, the Company has furnished letter of support to enable the said companies continue the operations.

2. Outstanding Capital Commitments:

	As at March 31, 2008	As at March 31, 2007
Unexpired amount of the contracts on capital accounts and not provided for (net of advance)	465,391	137,937

3. Issue of Zero Coupon Convertible Bonds

During the year ended March 31, 2006, the Company issued Euro 50,300,000 Zero Coupon Convertible Bonds due 2010 (the "Bonds"). These Bonds are listed in the Singapore Exchange Securities Trading Limited (the "SGX-ST").The Bonds are convertible either at the option of the holder at any time on or after August 24, 2005 (or such earlier date as is notified to the holders of the Bonds by the Company) upto July 6, 2010 by holders into fully paid equity shares with full voting rights at par value of Re. 1.00 each of the Issuer ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of Rs. 74.30[3] per Share with a fixed rate of exchange on conversion of Rs. 52.01 = Euro 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Issuer, at any time on or after July 15, 2008 and prior to July 7, 2010 subject to satisfaction of certain conditions and at their "Early Redemption Amount" (as defined in the "Terms & Conditions of the Bonds") at the date fixed for such redemption if the "Closing Price" (as defined in the "Terms & Conditions of the Bonds") of the Shares translated into Euro at the "prevailing rate" (as defined in the "Terms & Conditions of the Bonds") for each of 20 consecutive "Trading Days" (as defined in the "Terms & Conditions of the Bonds") the last of which occurs not more than five days prior to the date upon which notice of such redemption is published, is greater than 130 per cent, of the "Conversion Price" (as defined in the "Terms & Conditions of the Bonds") then in effect translated into euro at the rate of Rs. 52.01 = Euro 1.00.

The Bonds may also be redeemed, in whole, but not in part, at any time at the option of the Issuer at their Early Redemption Amount, if less than 10 per cent, in aggregate principal amount of the Bonds originally issued is outstanding.

The Bonds may also be redeemed in whole, but not in part, at the option of the Issuer subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at their Early Redemption Amount, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Issuer in Euros on July 16, 2010 at 126.77 per cent of its principal amount.

The issuer will, at the option of any holder of any Bonds, repurchase at the Early Redemption Amount such Bonds at such time as the Shares cease to be listed or admitted to trading on the BSE and the NSE (as defined in the "Terms & Conditions of the Bonds") in respect of the Issuer.

Consequent to the exercise of conversion option by holders of bonds of face value Euro 4.6 million, the Company has allotted 3,220,000 equity shares. Accordingly, an amount of Rs. 291.14 million, being the excess of the liabilities (including amortised premium/ issue expenditure on such bonds upto the date of conversion) extinguished in respect of such bonds over the face value of shares issued, has been credited to securities premium account.

[3] Revised from Rs. 111.45, in accordance with the terms of issue, consequent to the issue of bonus shares by the Company.

4. As per information available with the management, the dues payable to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" aggregate to Rs. 3,270 thousand (Previous year Rs. 2,620 thousand). This has been determined on the basis of responses received from vendors on specific confirmation sought by the Company in this regard.

Further, as determined by the management, there is no interest paid/ payable to such enterprises.

5. During the year MSSL GmbH, the Company's wholly owned subsidiary through MSSL Mideast (FZE) has entered into an agreement with Dremotec GmbH & Co. KG and Sirius Invest AG and incorporated another subsidiary Motherson Orca Precision Technology GmbH in which MSSL GmbH hold 51% equity and the balance is held by Dremotec GmbH & Co. KG. Subsequently, the business of Mothersonsumi Reiner GmbH (100% subsidiary of MSSL GmbH) has been transferred to the newly incorporated entity with effect from January 01, 2008.

6. Loans and advances include insurance claim receivable from insurance company of Rs.153,113 thousand (net of interim claim received) on damage of stocks, equipment and building due to fire in two of the Company's manufacturing facilities located at Noida. In the opinion of management, the claims are fully recoverable.

7. The management based on the review of future business plans has estimated the value in use/ recoverable value lower than the carrying value of the certain fixed assets and consequently recognised an impairment loss to the extent of the entire carrying value of such assets amounting to Rs. 28,807 thousand (Previous year Rs. Nil).

8. Managerial Remuneration

(Figures in Rs. Thousands)

	Year ended March 31, 2008[4]	Year ended March 31, 2007[4]
a) Salaries and other allowances	4,483	3,570
b) Contribution to provident and other funds	400	496
c) Perquisites	1,932	3,075
d) Directors Sitting Fees	520	425
Total	**7,335**	**7,566**

[4] As the employee wise break up of gratuity and leave encashment is not ascertainable, the amount related to one of the directors has not been included in the above particulars.

9. Payment to Auditors

a) Statutory Audit Fees	3,425	3,300
b) Taxation Matters	300	150
c) Reimbursement of expenses	273	383
d) Others (certification charges and other services)	350	400
Total	**4,348**	**4,233**

10. Value of imports on CIF Basis in respect of

a) Raw Material	3,799,236	2,971,977
b) Capital Goods	556,127	333,814
c) Spare Parts	40,403	51,537

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

11. Expenditure in foreign currency on account of: (Cash Basis) (Net of Taxes)

(Figures in Rs. Thousands)

	Year ended March 31, 2008	Year ended March 31, 2007
a) Royalty	42,796	18,212
b) Traveling	56,057	45,173
c) Interest	11,770	14,503
d) Professional Fee	49,721	46,407
e) Technical Assistance Fees	21,113	6,103
f) Rent	8,883	10,188
g) Salaries and other allowances	17,145	19,639
h) Computer and Software Expenses	3,808	5,672
i) Others (includes training, bank charges, reimbursements etc.)	38,946	41,780

12. Value of imported and indigenous consumed and percentage of each to total consumption:

A. Raw Materials and Components

Particulars	Year ended March 31, 2008		Year ended March 31, 2007	
	(%)	(Amount)	(%)	(Amount)
a) Imported	43	3,368,521	39	2,509,996
b) Indigenous	57	4,431,509	61	3,976,570
Total	**100**	**7,800,030**	**100**	**6,486,566**

B. Stores & Spares

Particulars	Year ended March 31, 2008		Year ended March 31, 2007	
	(%)	(Amount)	(%)	(Amount)
a) Imported	22	33,162	12	14,278
b) Indigenous	78	117,781	88	101,062
Total	**100**	**150,943**	**100**	**115,340**

13. Actual Production, opening stock, closing stock and sales:

A. Quantity

(Numbers in Thousands)

	Year ended March 31, 2008				Year ended March 31, 2007			
	Wiring Harness (Nos.)	High Tension Cords (Nos.)	Plastic Comp. (Nos.)	Wires (Kms.)	Wiring Harness (Nos.)	High Tension Cords (Nos.)	Plastic Comp. (Nos.)	Wires (Kms.)
Opening Stock	385	–	759	21	368	–	568	13
Production	23,305	388	62,267	575	16,270	398	58,134	447
Total	23,690	388	63,026	596	16,638	398	58,702	460
Sales / Consumption	23,194	388	62,310	586	16,253	398	57,943	439
Closing Stock	496	–	716	10	385	–	759	21

B. Value

(Figures in Rs. Thousands)

	Year ended March 31, 2008			Year ended March 31, 2007		
	Opening Stock	Sales (Net)	Closing Stock	Opening Stock	Sales (Net)	Closing Stock
Wiring Harness	101,135	6,707,140	151,679	82,882	6,741,311	101,135
High Tension Cords	–	84,326	–	1	92,814	-
Plastic Comp.	44,144	3,112,258	42,652	80,754	2,955,862	44,144
Wires	87,919	2,597,623	48,346	65,501	562,623	87,919
Others [5]	3,632	529,666	5,616	5,042	459,578	3,632
Total	**236,830**	**13,031,013**	**248,293**	**234,180**	**10,812,188**	**236,830**

[5] Quantitative information in respect of value disclosed in others is not being given separately as the related revenue and costs are less than 10% of total revenue and cost of the Company.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

14. Earnings in foreign currency during the year

(Figures in Rs. Thousands)

	Year ended March 31, 2008	Year ended March 31, 2007
a) FOB Value of Exports [6]	2,499,308	2,039,647
b) Interest Received		
– from subsidiary	19,740	33,338
– from banks	2,648	34,274
c) Reimbursement from Customers	-	6
d) Miscellaneous Income	3,351	3,741
e) Service Income	1,288	–

[6] Includes Deemed Exports of Rs.55,182 thousand (Previous Year Rs. 136,375 thousand)

15. Remittance in foreign currency during the year on account of dividend:

a) Amount remitted (in thousands)	131,064	100,482
b) No of non-resident shareholders	2	2
c) No of shares held by them (in thousands)	87,376	87,376
d) Year to which dividend pertains	Year ended March 31, 2007	Year ended March 31, 2006

16. Licensed and Installed Capacity

(Figures in Thousands)

a) Licensed Capacity	N. A.	N. A.
b) Installed Capacity of [7]		
i) Wiring Harness (Nos.)	N. A.	N. A.
ii) High Tension Cords (Nos.)	N. A.	N. A.
iii) Rubber Components (M.T.)	N. A.	N. A.
iv) Plastic Components (M.T.)	N. A.	N. A.
v) Wires (Km's)	N. A.	N. A.
c) Actual Production of		
i) Wiring Harness (Nos.)	23,305	16,270
ii) High Tension Cords (Nos.)	388	398
iii) Plastic Components (M.T.)	62,267	58,134
iv) Wires (Km's)	575	447

[7] Not ascertainable as the products manufactured by the Company are of variable size & technical complexities.

17. Raw Materials and Components consumed during the year

(Figures in Thousands)

	Year ended March 31, 2008		Year ended March 31, 2007	
Raw Materials and Components	**Qty**	**Value**	**Qty**	**Value**
a) Copper (MT)	5,209	1,708,910	4,131	1,380,294
b) Others [8]		6,091,120		5,106,272

[8] No Single raw material or components accounts for more than 10% of total consumption.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

18. Earnings per share

	Year ended March 31, 2008	Year ended March 31, 2007
Weighted Average number of Equity Shares of Re. 1 /- each (Previous Year Re 1/- each) outstanding at the end of the year	353,404,456	234,889,200
Net profit after tax available for equity Shareholders (Rs. in thousand)	1,281,917	1,141,773
Basic/ Diluted Earnings (in Rupees) Per Share of Re. 1/- each. (Previous Year Re 1/- each) [9]	3.63	3.24 [10]

[9] Potential conversion of Zero Coupon Currency Convertible Bonds issued is anti-dilutive and accordingly, has not been considered in the calculation of diluted earnings per share.

[10] Adjusted consequent to the issue of 117,444,600 equity shares of Re 1/- each as bonus shares.

19. Deferred Tax

i) The break up and movement of net deferred tax liability for the year ended March 31, 2008 is as under:

(Figures in Rs. Thousands)

Timing differences on account of:	As at March 31, 2008	(Credit)/Charge for the year	As at March 31, 2007
Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act (to the extent considered realizable)	(118,315)	(46,211)	(72,104)
Difference between depreciation as per financial statement and depreciation as per Income Tax Return	141,061	17,994	123,067
Net Deferred Tax Liability/ (Asset)	22,746	(28,217)	50,963

ii) In view of the Company's past financial performance and future profit projections, the Company expects to fully recover the Deferred Tax Assets.

20. The Company has the following provision in the books of accounts as on March 31,2008

Description	Opening Balance	Additions during the year	Utilized/Reversed during the year	Closing Balance
Warranty				
Current Year	2,000	1,247	1,247	2,000
Previous Year	2,046	4,395	4,441	2,000

Warranty provision relates to the estimated outflow in respect of warranty for products sold by the Company. Due to the very nature of such costs, it is not possible to estimate the timing/ uncertainties relating to the outflows of economic benefits.

21. The Company has utilized the proceeds on issue of Euro 50,300,000 Zero Coupon Foreign Currency Convertible Bonds to the public in the following manner:

Particulars	Year ended March 31, 2008		Year ended March 31, 2007	
	(Euro)	(Rs.)	(Euro)	(Rs.)
Funds available	5,803	336,179	29,316	1,582,116
Less: Investment in overseas subsidiary companies through loans / capital	5,936	343,503	24,116	1,398,478
Add: Interest Received	133	7,324	603	34,915
Unutilized Public Issue Proceeds in Deposits	–	–	**5,803**	**336,179** [11]

[11] Reinstated at year end rate.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

22. The Company has during the year complied with the Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India. As a result of the adoption of this standard there has been no impact on the liability as on April 01, 2007 and the charge for the year ended March 31, 2008. The details of liabilities recognised by the Company in respect of long term defined benefits and contribution schemes for its employees are as under:

A) Defined Benefit Schemes

i) Gratuity

The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on retirement/termination. The Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

ii) Leave encashment /Compensated Absences

The employees are entitled for leave for each year of service and part thereof and subject to the limits specified, the un-availed portion of such leaves can be accumulated or encashed during/ at the end of the service period. The plan is not funded.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

	Year ended March 31, 2008	
	Gratuity	**Leave encashment/ Compensated Absences**
Obligations at year beginning	62,732	18,326
Service Cost - Current	7,298	5,101
Interest Cost	3,310	1,324
Actuarial (gain) / loss	8,929	8,688
Benefit Paid	(4,136)	(8,127)
Obligations at year end	**78,133**	**25,312**
Change in plan assets		
Plan assets at year beginning, at fair value	47,786	–
Expected return on plan assets	3,843	–
Actuarial gain / (loss)	1,688	–
Contributions	13,725	–
Benefits paid	(3,818)	–
Plan assets at year end, at fair value	**63,224**	**–**
Reconciliation of present value of the obligation and the fair value of plan assets:		
Present value of the defined benefit obligations at the end of the year	78,133	25,312
Fair value of the plan assets at the end of the year	63,224	–
Liability recognised in the Balance Sheet	**14,909**	**25,312**
Defined benefit obligations cost for the year		
Service Cost – Current	7,298	5,101
Interest Cost	3,310	1,324
Expected return on plan assets	(3,843)	-
Actuarial (gain) / loss	7,241	8,688
Net defined benefit obligations cost	**14,006**	**15,113**

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

Investment details of plan assets

100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme.

The principal assumptions used in determining post-employment benefit obligations are shown below:

	2008 (in %)
Discount Rate	8.00 p.a.
Future salary increases	5.50 p.a.
Expected return on plan assets	8.00 p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

B) Defined Contribution Schemes

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund and Employee State Insurance (ESI) for the benefit of the employees. Accordingly, the Company's contribution during the year that has been charged to revenue amounts to Rs.97,366 thousands.

23. Related Party Disclosures

Related party disclosures, as required by AS18, “Related Party Disclosures”, are given below:

I. Relationships where control exists:

Subsidiaries of the Company:

MSSL Mideast (FZE)
MSSL Mauritius Holdings Limited
MSSL Ireland Pvt. Ltd.
MSSL Handels GmbH
Motherson Electrical Wires Lanka Pvt. Ltd
MSSL (S) Pte Ltd
Motherson PUDENZ WICKMANN Limited
MSSL (GB) Limited
MSSL GmbH
Motherson Sumi Wiring Systems Ltd (FZC)
MSSL Tooling Ltd. (FZE)
Global Environment Management (FZC)
MSSL Australia Pty. Ltd
Motherson Elastomers Pty Ltd
Motherson Investments Pty Ltd
Mothersonsumi Reiner GmbH
MSSL Polymers GmbH (formerly G&S Kunststofftechnik GmbH)
Global Environment Management Australia Pty. Ltd
MSSL Advanced Polymers s.r.o (formerly FP Formagrau s.r.o.)
Motherson Orca Precision Technology GmbH

II. Other Related Parties

a. Joint Ventures

Kyungshin Industrial Motherson Limited
Visiocorp Motherson Limited (formerly Schefenacker Motherson Limited)
Balda Motherson Solution India Limited
Woco Motherson Elastomer Limited
Woco Motherson Advanced Rubber Technologies Limited
Woco Motherson Ltd. (FZC)
Calsonic Kansei Motherson Auto Product Limited

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

b. Associate Companies

Saks Ancillaries Limited

c. Key Management Personnel:

i) Board of Directors:

Mr. V C Sehgal
Mr. Toshimi Shirakawa
Mr. M S Gujral
Mr. Bimal Dhar
Mr. H Murai
Mr. A Yamauchi
Mr. M Matsushita
Maj. Gen Amarjit Singh (Retd)
Mr. Pankaj Mital
Mr. Arjun Puri

ii) Other Key Management Personnel:

Mr. Vivek Avasthi
Mr. Ravindra Mathur
Mr. G.N. Gauba
Mr. N Ramanathan

iii) Relatives of Key Management Personnel:

Mr. Laksh Vaaman Sehgal
Mrs. Renu Sehgal
Ms. Vidhi Sehgal
Mrs. Geeta Soni
Mrs. Neelu Mehra
Mrs. P. Avasthi
Mr. Harjit Singh
Ms. Subina Avasthi

d. Companies in which Key Managerial Personnel or their relatives have control/ significant influence:

Motherson Auto Ltd
Motherson Air Travel Agencies Limited
Ganpati Auto Industries
South City Motors Ltd.
ASI Motherson Communication Solutions Limited
Motherson Techno Tools Limited
Sumi Motherson Innovative Engineering Limited
SWS India Management Support & Service (P) Ltd
Vaaman Auto Industries
A Basic Concepts Design India Private Ltd
Motherson Sumi Infotech and Designs Limited

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

Motherson Engineering Research and Integrated Technologies Limited
Moon Meadows Pvt. Ltd.
Sisbro Creations Pvt. Ltd.
Motoman Motherson Robotics Ltd.
NACHI Motherson Tool Technology Limited
Motherson
Samvardhana Motherson Finance Ltd.
A Basic Concepts Design Pty Ltd
ATAR Mauritius Pvt. Ltd.
Motherson Auto Solutions Pvt. Ltd
Motherson Machinery and Automations Pvt. Ltd
Spheros Motherson Thermal System Limited
Motherson Automation Technology Ltd
Matsui Technologies India Limited
Motherson Moulds and Diecasting Ltd
ASI Motherson Communications Solution Ltd.
Webasto Motherson Sunroofs Limited
Anest Iwata Motherson Limited
Field Motor Private Limited
AES (India) Engineering Limited
Miyazu Motherson Engineering Design Limited
Motherson Moulds Pvt. Ltd
Anest Iwata Motherson Coating Equipment Limited
Nissin Advance Coating Indo Company Limited.
Magnetti Marelli Motherson Holding India BV
Magnetti Marelli Motherson Auto System Ltd.
Samvardhana Motherson Finance Services Cyprus Ltd.
Motherson Zanotti Refrigeration System Ltd.
Motherson Timetooth Technologies Pvt. Ltd.
Samvardhana Motherson Finance Services Inc.
Motherson Timetooth Technologies Inc.

e. **Joint Venturer:**

Sumitomo Wiring Systems Limited, Japan
Wilhelm Pudenz GmbH, Germany
Visiocorp Plc, UK
Kyungshin Industrial Co., Korea
Woco Franz Josef Wolf Holding GmbH, Germany
Balda AG, Germany
Calsonic Kansei Corporation, Japan

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

III. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in I & II above:

(Figures in Rs. Thousands)

S.No.	Particulars	Parties mentioned in 23 (I) above		Parties mentioned in 23 (II) (a)above		Parties mentioned in 23 (II) (b)& (d)above		Parties mentioned in 23 (II) (e)above		Parties mentioned in 23 (II) (c)above	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1.	Sale of Goods	567,302	475,581	460,033	332,784	19,157	20,878	387,550	386,921	–	–
2.	Rendering of Services	2,805	386	93,705	15,068	19,237	17,215	–	4,719	–	–
3.	Sale of Fixed Assets	–	–	–	–	59	–	–	–	–	–
4.	Purchase of Goods	612,132	624,405	34,537	16,365	467,797	409,556	320,106	301,257	–	–
5.	Purchase of Fixed Assets	3,957	6,495	8,680	723	22,944	40,638	1,760	699	–	–
6.	Purchase of Services	6,205	–	5,645	476	317,399	212,645	891	2,103	3,282 [12]	3,151 [12]
7.	Reimbursement (Net)	30,242	20,484	4,553	3,404	3,105	(769)	647	1,934	–	–
8.	Investments made during the year	–	51,120	192,806	297,142	–	–	–	–	–	–
9.	Purchase of Shares	–	–	–	–	–	–	–	–	–	–
10.	Sale of Shares	–	–	–	–	–	–	–	–	–	–
11.	Royalty	–	–	–	–	–	–	78,245	52,250	–	–
12.	Remuneration/ Sitting Fees of Directors	–	–	–	–	–	–	–	–	18,191	17,429
13.	Interest Income	19,740	33,338	9,783	8,660	–	–	–	–	–	–
14.	Interest Expense	2,153	834	–	521	1,167	547	–	–	–	–
15.	Dividend Paid	–	–	–	–	100,725	77,223	96,892	74,284	21,384 [13]	16,394 [13]
16.	Dividend Received	–	–	–	45,200	–	151	–	–	–	–
17.	Advance given against Equity / Preference Shares	361,131	719,605	11,739	–	–	–	–	–	–	–
18.	Advance Received back against Equity / Preference Share	90,560	–								
19.	Loans Received during the year	32,500	24,000	–	–	10,000	40,000	–	–	–	–
20.	Loans Given during the year	36,209	7,282	–	147,120	–	–	–	–	–	–
21.	Loans Repaid during the year	–	24,000	–	–	–	30,000	–	–	–	–
22.	Loans Received back during the year	51,689	154,416	143,806	15,000	–	–	–	–	–	–
23.	Security Deposits Received	–	–	30,128	9,535	–	544	–	–	–	–
24.	Security Deposits Repaid	–	–	128	–	–	–	–	–	–	–
	Balances as at year end										
25.	Investments	95,960	95,960	638,622	445,816	38,230	38,230	–	–	–	–
26.	Advance given against Equity / Preference Shares	990,176	719,605	11,739	–	–	–	–	–	–	–
27.	Loans Payable	32,500	–	–	–	20,000	10,000	–	–	–	–
28.	Loans Receivable (after reinstatement)	336,095	307,433	3,314	147,120	–	726	–	–	–	–
29.	Advances Receivable	10,425	3,546	1,496	4,699	8,524	1,817	–	–	–	–
30.	Security Deposit Received	–	–	32,561	2,561	2,628	2,298	–	–	–	–
31.	Security Deposits Given	–	–	–	–	2,706	2,877	–	–	542	542
32.	Guarantees Closing	75,915	194,100	–	97,500	–	–	–	–	–	–
33.	Trade Payable	118,855	62,299	6,579	6,283	89,568	115,053	51,397	71,944	169	–
34.	Trade Receivable	198,508	157,159	50,368	10,164	3,805	4,434	31,898	28,720	–	–

[12] Rent of Rs. 3,282 thousand (Previous Year Rs.3,151thousand) paid to Mr. V.C Sehgal, Mr. Laksh Vaaman Sehgal, Mrs. Renu Sehgal, Ms. Vidhi Sehgal .

[13] Dividend of Rs. 21,384 thousand (Previous Year Rs.16,394 thousand) paid to Mr. V. C. Sehgal, Mr. Laksh Vaaman Sehgal, Mrs. Neelu Mehra, Mrs. Geeta Soni, Ms. Vidhi Sehgal, Mr. Pankaj Mital, Mr. M.S. Gujral, Mr. G.N.Gauba, Mr. Vivek Avasthi, Mrs. Renu Sehgal, Mrs. Padma Avasthi, Mrs. Subina Avasthi, Mr. Harjit Singh.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

24. Segment Information

a. Information about Primary Business Segments

(Figures in Rs. Thousands)

	Automotive		Non automotive		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue								
External	12,117,752	9,368,198	1,494,325	1,760,640	13,187	3,825	13,625,264	11,132,663
Inter–segment	146,870	135,598	–	–	–	–	146,870	135,598
Total revenue	11,970,882	9,232,600	1,494,325	1,760,640	13,187	3,825	**13,478,394**	**10,997,065**
Results								
Segment result	1,687,554	1,284,150	159,907	306,528	–	–	1,847,461	1,590,678
Interest expense (net of Interest income)	–	–	–	–	218,657	177,926	218,657	177,926
Other Unallocable (net of Income)	–	–	–	–	(13,189)	(3,825)	(13,189)	(3,825)
Profit before taxation	–	–	–	–	–	–	**1,641,993**	**1,416,577**
Provision for taxation	–	–	–	–	360,076	274,804	360,076	274,804
Net profit after tax	–	–	–	–	–	–	**1,281,917**	**1,141,773**
Other items								
Segment assets	8,553,418	6,280,055	1,185,656	882,386	2,539,159	2,686,005	12,278,233	9,848,446
Segment liabilities	1,641,508	1,170,946	544,566	387,840	6,087,672	5,299,876	8,273,746	6,858,662
Capital expenditure	1,327,059	1,058,482	234,317	56,182	–	–	1,561,376	1,114,664
Depreciation & Impairment	443,012	369,864	57,617	77,581	–	–	500,629	447,445
Amortization of Premium on Redemption of Zero Coupon Foreign currency convertible bonds	–	–	–	–	165,049	170,409	165,049	170,409

b. Information about Secondary Business Segments

	India		Outside India [14]		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue by geographical markets								
External	10,854,572	8,557,484	2,610,635	2,435,756	13,187	3,825	13,478,394	10,997,065
Total	**10,854,572**	**8,557,484**	**2,610,635**	**2,435,756**	**13,187**	**3,825**	**13,478,394**	**10,997,065**
Carrying amount of segment assets	8,759,603	6,692,251	873,506	469,490	2,645,124	2,686,705	12,278,233	9,848,446
Addition to fixed assets	1,561,127	1,112,230	249	2,434	–	–	1,561,376	1,114,664

[14] Includes Europe, America, Asia Pacific, Middle East and Australia

c. Composition of Business Segments

The Company is organized into two main business segments, namely:

Automotive — Wiring Harness, High Tension Cords, Wire, Plastic Components, Rubber Components, Cockpit Assembly

Non Automotive — Wiring Harness, Pen-Stamp Assembly, Plastic Components for white goods, Household Wires, Plates, Aerobin

d. Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, with an overall optimisation objective for the Company.

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

25. Interests in Joint Ventures:

The Company's interests, as a venture, in jointly controlled entities as at March 31, 2008 are:

Name of the Company	Country of Incorporation	% Voting power held as at March 31, 2008	% Voting power held as at March 31, 2007
Kyungshin Industrial Motherson Limited	India	50%	50%
Visiocorp Motherson Limited (formerly Schefenacker Motherson Limited)	India	49%	49%
Balda Motherson Solution India Limited	India	40%	40%
Woco Motherson Elastomer Limited	India	33.33%	33.33%
Woco Motherson Advanced Rubber Technologies Limited	India	33.33%	33.33%
Calsonic Kansei Motherson Auto Products Limited	India	49%	NA

The following amounts represent the Groups share of the assets and liabilities and revenue and expenses of the joint venture and are included in the consolidated balance sheet and consolidated profit & loss account:

(Figures in Rs. Thousands)

Particulars	2008	2007
Assets		
Fixed Assets	613,814	524,091
Capital Work in Progress	20,965	78,195
Current Assets	1,078,676	689,094
Liabilities		
Secured Loans	132,193	125,906
Unsecured Loans	23,387	169,502
Current Liabilities & Provisions	690,911	423,461
Deferred Tax (Net)	4,569	2,226
Reserves & Surplus	212,359	124,792
Revenue		
Sales	2,197,380	1,489,699
Other Income	14,865	24,208
Expenditure	1,979,662	1,400,910
Profit before Tax	232,583	112,997
Provision for Tax	101,667	51,978
Profit after Tax	130,916	61,019
Contingent Liabilities		
– In respect of Excise, Sales tax & Service tax matters	21,211	6,806
– Bank Guarantees	53,027	9,588
Capital Commitment	27,883	56,154

Schedules forming part of the Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Accounts *(Contd.)*

26. The Company has a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company appoints independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises are undertaken, during the financial year, on an "arms length basis". Adjustments, if any, arising from the transfer pricing study shall be accounted for as and when the study is completed for the current financial year. However the management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

27. The corresponding figures of previous year have been regrouped, rearranged wherever necessary to conform to the current year's classification.

for and on behalf of the Board

V. C. Sehgal	**Toshihiro Watanabe**	**Pankaj Mital**
Chairman	*Whole time Director*	*Chief Operating Officer*

Place: Noida
Date : June 02, 2008

G. N. Gauba
Co. Secretary & V.P. Finance

Information pursuant to part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	26431	State Code	55
Balance Sheet Date	31 (Date) 03 (Month) 2008 (Year)		

II. Capital Raised during the year *(Amount in Rs. Thousands)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	117445	Private Placement	NIL

III. Position of Mobilisation & Deployment of Funds *(Amount in Rs. Thousands)*

Total Liabilities	8657885	Total Assets	8657885
Sources of Funds			
Paid-up Capital	355554	Reserves & Surplus	3668964
Secured Loans	1584635	Unsecured Loans	3025986
Deferred Tax (Net)	22746		
Application of Funds			
Net Fixed Assets	4319789	Investments	1775327
Net Current Assets	2142983	Misc. Expenditure	419786
Accumulated Losses	NIL		

IV. Performance of Company *(Amount in Rs. Thousands)*

Turnover	13478394	Total Expenditure	11836401
Profit/Loss before Tax	+ 1641993	Profit/Loss after Tax	+ 1281917
Earnings Per Share in Rs.	3.63	Dividend Rate%	135

V. Generic Names of three Principal Products/Services of the Company (As per monetary terms)

Product Description	Item Code
Integrated Wiring harness	8544.90
Rubber Components	40160000
PVC Insulated Wire	8544.90

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for and on behalf of the Board

V.C. Sehgal	**Toshihiro Watanabe**	**Pankaj Mital**
Chairman	*Whole time Director*	*Chief Operating Officer*

Place: Noida

Date : June 02, 2008

G. N. Gauba

Co. Secretary & V.P. Finance

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Companies

(Figures in Rs. Thousands)

Particulars	MSSL Mideast (FZE)	Motherson--Sumi Wiring System (FZC)	MSSL GmbH	MSSL Polymers GmbH	Motherson Sumi Reiner GmbH	MSSL Advaced Polymers s.r.o	MSSL GB Ltd.	MSSL Mauritius Holdings Limited	MSSL Tooling (FZE)	MSSL Ireland Private Limited	Global Environment Management (FZC)	Global Environment Management Australia Pty. Ltd.	MSSL (S) Pte. Ltd.	MSSL Australia Pty. Limited	MSSL Handels GmbH	Motherson Electrical Wires Lanka (Pvt.) Ltd.	Motherson PUDENZ WICKMANN Limited	Motherson Investments Pty Limited	Motherson Elastomers Pty Limited
The Financial year of the Subsidiary Companies ended on	March 31, 2008	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	December 31, 2007	March 31, 2008	December 31, 2007	March 31, 2008	March 31, 2008	March 31, 2008	December 31, 2007	December 31, 2007
Numbers of shares held in Subsidiary Company as on above date	1 Equity Share of AED 150,000 equivalent to EURO 46,875 and 9,000,000 Preference Shares of Euro 1 each	2,550,000 Equity Shares of EURO 1 each held by MSSL Mideast (FZE)	250,000 Equity Shares of EURO 1 each held by MSSL Mideast (FZE)	1 Equity Share of EURO 51,200 held by MSSL GmbH	1 Equity Share of EURO 200,000 held by MSSL GmbH	1 Equity Share of EURO 72,900 held by MSSL GmbH	1,000 Equity Shares of GBP 1 each held by MSSL Mideast (FZE)	525,000 Equity Shares of EURO 1 each	1,500 Equity Shares of AED 100 each equivalent to EURO 32,504 held by MSSL Mauritius Holdings Ltd.	5000 Equity Shares of EURO 10 each held by MSSL Mauritius Holdings Ltd.	75,100 Equity Shares of AED 1 each equivalent to AUD 27,265 & 1,604,000 Equity Shares of AUD 1 each held by MSSI Mautitius Holdings Ltd.	2 Equity Shares of AUD 1 each held by Global Environment Management (FZC)	100,000 Equity Shares of S$ 1 each and 1,800,000 preference shares of S$ 1 each	8000 Equity Shares of AUD 1 each and 2,792,000 Preference shares of AUD 1 each held by MSSL (S) Pte Ltd.	35,000 Equity Shares of EURO 1 each	1,456,202 Equity Shares of SR 10 each	1,403,226 Equity Shares of Rs. 10 each	100 Equity Shares of AUD 1 each	100 Equity Shares of AUD 1 each
– Equity (Nos.)	1	5,000,0000	250,000	1	1	1	1,000	525,000	1,500	5,000	3,358,000	2	100,000	10,000	35,000	1,456,202	2,500,000	100	100
– Extent of Holding (%)	100%	51%	100%	100%	100%	100%	100%	100%	100%	100%	50.001%	100%	100%	80%	100%	100%	56.13%	100%	100%
– Preference (Nos.)	9,000,000												1,800,000	3,490,000			–		–
– Extent of Holding (%)	100%												100%	80%			–		–
Net aggregate amount of profits / (losses) of the Subsidiary Companies so far as it concerns the members of the Holding Company and is not dealt in the accounts of the Holding Company.																			
(Figures in thousands)																			
– Profits/(Losses) of the Subsidiary Companies for the financial year ended March 31, 2008	Euro 6,037	Euro (491)	Euro (428)	Euro (789)	Euro (1,836)	Euro 109	GBP 62	Euro (843)	Euro (1,160)	Euro 157	Aud (1,060)	Aud (1,688)	Euro (21)	Aud 1,329	Euro (21)	USD 4,290	Rs 2,929	Aud (50)	Aud 2,096
	Rs 381,955	Rs (31,050)	Rs (27,101)	Rs (49,896)	Rs (116,144)	Rs 6,885	Rs 4,961	Rs (53,310)	Rs (73,423)	Rs 9,917	Rs (38,817)	Rs (61,791)	Rs (1,359)	Rs 48,653	Rs (1,350)	Rs 172,077	–	Rs (1,815)	Rs 76,725
– Profits for the previous financial years of the Subsidiary Companies since it became a subsidiary of the Holding Company	Euro 11,271	Euro 21	Euro (1,294)	Euro 707	Euro (1,640)	Euro 169	GBP (327)	Euro 1,182	Euro (2,254)	Euro (587)	Aud (786)	Aud (1,225)	Euro (76)	Aud –	Euro (97)	USD 3,187	Rs 29,376	Aud (50)	Aud 2,096
	Rs 713,115	Rs 1,312	Rs (81,856)	Rs 44,705	Rs (103,753)	Rs 10,673	Rs(25,972)	Rs 74,792	Rs (142,609)	Rs (37,114)	Rs (28,775)	Rs (44,847)	Rs (4,802)	Rs -	Rs (6,152)	Rs 127,855	–	Rs (1,815)	Rs 76,725
Net aggregate amounts of profits/ (losses) of the Subsidiary Companies so far as those profits are dealt with, or provision is made for those losses in the Accounts of the Holding Company																			
– Profits of the Subsidiary Companies for the financial year ended March 31, 2007	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
– Profits for the previous financial year of the Subsidiary Companies since it became a subsidiary of the Holding Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Changes in the interest of the Holding Company in the subsidiary between the end of the financial year of the subsidiary and that of the Holding Company	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Material changes between the end of the financial year of the subsidiary and that of the Holding Company	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

* Indian Rupee figures have been arrived at by applying the year end interbank exchange rate, Euro 1= Rs 63.27, S$ 1 = Rs 29.14, AUD $ 1 = Rs 36.61, GBP 1 = Rs 79.54, AED 1 = Rs 10.92

for and on behalf of the Board

V.C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

G. N. Gauba
Co. Secretary & V.P. Finance

Place: Noida
Date : June 02, 2008

Statement pursuant to exemption received under Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies

(Figures in Rs. Thousands)

S.No.	Name of the Company	MSSL Holding as at 31/03/2008	Reporting Currency	Exchange Rate	Share Capital	Reserves and Surplus	Total Liabilities	Investments	Total Assets	Sales	PBT	Taxation	PAT
1.	MSSL Mauritius Holdings Limited	100%	Euro	63.27	33,216	21,482	114,752	6,291	114,752	–	(53,310)	–	(53,310)
2.	MSSL Mideast (FZE)	100%	Euro	63.27	779,597	1,096,490	2,413,511	546,746	2,413,511	1,274,402	381,955	–	381,955
3.	Motherson Electrical Wires Lanka Pvt. Limited	100%	USD	40.12	6,090	350,430	380,683	–	380,683	965,888	173,590	1,513	172,077
4.	MSSL Handels GmbH	100%	Euro	63.27	2,214	(7,073)	4,887	–	4,887	787	(1,498)	–	(1,498)
5.	MSSL (S) Pte Ltd	100%	Singapore$	29.14	55,375	22,546	396,960	319,998	396,960	9,879	26,010	3,805	22,205
6.	Motherson PUDENZ WICKMANN Limited	56.13%	INR	1.00	25,000	33,205	62,200	–	62,200	29,283	3,704	775	2,929
7.	MSSL GmbH [2]	100%	Euro	63.27	15,817	8,636	703.69	213,748	703.69	41,961	(27,101)	–	(27,101)
8.	MSSL (GB) Limited [2]	100%	GBP	79.54	80	(21,060)	128,558	–	128,558	370,000	4,961	–	4,961
9.	Motherson Sumi Wiring System Limited (FZC) [2]	51%	Euro	63.27	316,347	(29,738)	932,860	–	932,860	1,034,391	(31,050)	–	(31,050)
10.	MSSL Ireland Private Limited [4]	100%	Euro	63.27	3,163	(27,196)	10,940	–	10,940	47,767	9,917	–	9,917
11.	MSSL Tooling Limited (FZE) [4]	100%	Euro	63.27	242,480	(142,609)	164,748	–	164,748	123,955	(73,423)	–	(73,423)
12.	Global Environment Management (FZC) [4]	50.00%	AUS $	36.61	119,435	(67,592)	140,658	0	140,658	64,955	(38,817)	–	(38,817)
13.	MSSL Australia Pty Limited [5]	80.00%	AUS $	36.61	128,131	48,653	494,569	7	494,569	250,286	90,669	21,242	69,426
14.	MSSL Polymers GmbH (formerly known as G&S Kunststofftechnik GmbH) [3]	100%	Euro	63.27	3,239	98,093	362,082	–	362,082	914,225	(59,323)	(9,427)	(49,896)
15.	Motherson Sumi Reiner GmbH [3]	100%	Euro	63.27	12,654	143,086	635,497	–	635,497	717,863	(114,631)	1,513	(116,144)
16.	MSSL Advanced Polymers s.r.o (formerly known as FP Formagrau s.r.o.) [3]	100%	CZE	2.50	5,006	85,104	197,566	–	197,566	321,531	8,954	536	8,418
17.	Global Environment Management Australia Pty Limited [6]	100%	AUS $	36.61	0	(106,634)	40,687	–	40,687	91,115	(61,787)	–	(61,787)
18.	Motherson Elastomers Pty Limited [7]	100%	AUS $	36.61	4	76,725	545,928	–	545,928	834,111	91,566	14,841	76,725
19.	Motherson Investments Pty Limited [7]	100%	AUS $	36.61	4	(1,815)	148,357	–	148,357	–	(1,986)	171	(2,158)

Notes

1 As required under Para VI of the approval dated June 26, 2008 - issued by Ministry of Company Affairs , Indian rupees equivalents of the figures in the foreign currencies in the accounts of subsidiary companies has been given based on year end interbank exchange rates.

2 Subsidiary of MSSL Mideast (FZE)

3 Subsidiary of MSSL GmbH

4 Subsidiary of MSSL Mauritius Holding Ltd

5 Subsidiary of MSSL (S) Pte Ltd

6 Subsidiary of Global Environment Management (FZC)

7 Subsidiary of MSSL Australia Pty Limited

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of

Motherson Sumi Systems Limited

1. We have audited the attached Consolidated Balance Sheet of Motherson Sumi Systems Limited and its subsidiaries, joint ventures and associate as at March 31, 2008, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, joint ventures and associate, who collectively in these financial statements reflect total assets of Rs. 4,099,188 thousand as at March 31, 2008 and total revenues of Rs. 6,349,068 thousand for the year ended on that date. These financial statements have been audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, joint ventures and associate, is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements, Accounting Standard 23- Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Motherson Sumi Systems Limited and its subsidiaries, joint ventures and associate, included in the consolidated financial statements.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Motherson Sumi Systems Limited and its aforesaid subsidiaries, joint ventures and associate, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Motherson Sumi Systems Limited and its subsidiaries as at March 31, 2008;

   b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Motherson Sumi Systems Limited and its subsidiaries for the year ended on that date; and

   c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Motherson Sumi Systems Limited and its subsidiaries for the year ended on that date.

Kaushik Dutta
Partner
Membership No. F88540

For and on behalf of
Price Waterhouse
Chartered Accountants
New York
June 02, 2008

Consolidated Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

	Schedule	31.03.2008	31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	355,554	234,889
Reserves & Surplus	II	5,003,153	3,561,254
		5,358,707	3,796,143
Minority Interest			
Capital		252,322	137,305
Reserves		(26,551)	1,638
Loan Funds			
Secured Loans	III	1,749,941	1,156,773
Unsecured Loans	IV	3,141,274	3,445,109
Deferred tax liability(net) (Refer B (8) of Schedule XIII)		40,136	73,070
Total		**10,515,829**	**8,610,038**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	V	9,491,662	7,620,673
Less: Depreciation		3,460,338	2,770,478
Net Block		6,031,324	4,850,195
Capital Work in Progress		282,179	178,288
		6,313,503	5,028,483
Investments	VI	49,637	47,489
Current Assets, Loans and Advances	VII		
Inventories		2,893,381	2,003,413
Sundry Debtors		3,287,397	2,407,857
Cash & Bank Balances		953,550	993,577
Loans & Advances		1,904,742	1,352,819
		9,039,070	6,757,666
Less: Current Liabilities & Provisions	VIII		
Current Liabilities		3,667,429	2,502,054
Provisions		1,638,738	1,306,381
		5,306,167	3,808,435
Net Current Assets		3,732,903	2,949,231
Miscellaneous Expenditure (To the extent not written off or adjusted)	IX	419,786	584,835
Total		**10,515,829**	**8,610,038**
Significant Accounting Policies and Notes forming part of the Accounts	XIII		

This is the Consolidated Balance Sheet referred to in our report of even date

The schedules referred above form integral part of the Consolidated Balance Sheet
for and on behalf of the Board

Kaushik Dutta
Partner
M.No.: F88540

V. C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

For and on behalf of
Price Waterhouse
Chartered Accountants

G. N. Gauba
Co. Secretary & V.P. Finance

Place: New York
Date : June 02, 2008

Place: Noida
Date : June 02, 2008

Consolidated Profit and Loss Account for the year ended March 31, 2008

(Figures in Rs. Thousands)

	Schedule	31.03.2008	31.03.2007
INCOME			
Sale of Finished Goods (Gross)		22,721,233	17,064,804
Less: Excise duty		2,439,984	1,789,060
Sale of Finished Goods (Net)		20,281,249	15,275,744
Other Income	X	510,519	205,447
Total		**20,791,768**	**15,481,191**
EXPENDITURE			
Manufacturing and other expenses	XI	17,439,020	12,973,847
Depreciation (Refer B (12) of Schedule XIII)		846,599	646,364
Interest (net)	XII	243,942	237,971
Total		**18,529,561**	**13,858,182**
Profit Before Taxation and adjustments		2,262,207	1,623,009
Share of Profit in Associate (Refer B (3) (B) of Schedule XIII)		2,143	1,703
Profit Before Taxation		2,264,350	1,624,712
Tax Expense			
Provision for Current Income Tax		528,839	427,354
Provision for Deferred IncomeTax (Refer B (8) of Schedule XIII)		(35,532)	(48,078)
Provision for Wealth Tax		2,577	2,052
Provision for Fringe Benefit Tax		17,929	13,798
		1,750,537	1,229,586
Less : Income Tax for earlier years		108	(57,238)
Profit After Taxation		**1,750,429**	**1,286,824**
– Concern share		1,778,618	1,295,192
– Minority		(28,189)	(8,368)
Add: Balance brought forward from previous year		1,910,489	1,289,314
Surplus Available For Appropriation		**3,689,107**	**2,584,506**
Appropriations			
Transfer to General Reserve		264,517	255,465
Proposed Dividend		479,994	352,334
Tax on Dividend		81,579	59,879
Tax paid on Dividend by consolidated companies		–	6,339
Balance Carried to Balance Sheet		2,863,017	1,910,489
Total		**3,689,107**	**2,584,506**
Earning per share (Basic/ Diluted) of face value Re 1/- each (Refer B (7) of Schedule XIII)		**5.03**	**3.67**
Significant Accounting Policies and Notes forming part of the Accounts	XIII		

This is the Consolidated Profit and Loss Account referred to in our report of even date

The schedules referred above form integral part of the Consolidated Profit and Loss Account

for and on behalf of the Board

Kaushik Dutta
Partner
M.No.: F88540

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New York
Date : June 02, 2008

V. C. Sehgal *Chairman*

Toshihiro Watanabe *Whole time Director*

Pankaj Mital *Chief Operating Officer*

G. N. Gauba
Co. Secretary & V.P. Finance

Place: Noida
Date : June 02, 2008

Consolidated Cash Flow Statement for the year ended March 31, 2008

(Figures in Rs. Thousands)

	Particulars	2007-08	2006-07
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net (loss)/profit before tax	2,264,350	1,624,712
	Adjustments for:		
	Share of Profit in Associate	(2,143)	(1,703)
	Depreciation & Impairment	846,599	646,364
	Amortization	–	1,248
	Technical Fees (Refer note B (4)(e) of Schedule XIII)	26,207	–
	Interest Expense	288,611	292,296
	Interest Income	(44,668)	(54,325)
	Income from Investment - Dividends	(293)	(153)
	Lease Rent	71,931	35,873
	(Profit)/Loss on Fixed Assets sold	(249,010)	66
	(Profit/Loss on sale/dimunition in value of Investments	(5)	34
	Debts / Advances Written off	3,197	8,637
	Provision for Bad & Doubtful Debts / Advances	14,008	4,991
	Liability no longer required written back	(17,001)	(5,130)
	Provision for Gratuity & Leave Encashment	8,692	19,663
	Unrealised foreign exchange (gain) /loss	256,223	178,399
	Provision for warranty	2,789	(1,097)
	Operating profit before working capital changes	**3,469,487**	**2,749,875**
	Adjustments for changes in working capital :		
	- (Increase)/Decrease in Sundry Debtors	(870,322)	(980,906)
	- (Increase)/Decrease in Other Receivables	(445,445)	(527,092)
	- (Increase)/Decrease in Inventories	(811,815)	(529,481)
	- (Increase)/Decrease in Trade and Other Payables	1,119,346	570,072
	Cash generated from operations	**2,461,251**	**1,282,468**
	- Taxes (Paid) / Received (Net of TDS)	(424,486)	(400,458)
	Net cash from operating activities	**2,036,765**	**882,010**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets Including CWIP	(2,065,617)	(1,474,486)
	Proceeds from Sale of fixed assets	370,439	17,326
	Consideration paid for acquisition of subsidiary	–	(59,043)
	Consideration paid for acquisition of business of Empire Rubber (Refer note B (4)(d) of Schedule XIII)	(188,834)	–
	Lease Rent Payment	(71,931)	(35,873)
	Interest Received (Revenue)	55,935	42,505
	Dividend Received	293	153
	Net cash used in investing activities	**(1,899,715)**	**(1,509,418)**

Consolidated Cash Flow Statement for the year ended March 31, 2008 *(Contd.)*

(Figures in Rs. Thousands)

Particulars	2007–08	2006–07
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from minority shareholders	77,373	115,285
Proceeds from long term borrowings		
Receipts	128,743	409,156
Payments	(395,126)	(272,774)
Proceeds from short term borrowings		
Receipts	10,000	–
Payments	–	(2,369)
Proceeds from Cash Credits (net)	543,817	(24,232)
Interest Paid	(130,805)	(112,602)
Dividend Paid	(351,733)	(269,434)
Dividend Tax Paid	(59,879)	(44,224)
Net cash used in financing activities	**(177,610)**	**(201,194)**
Net Increase/(Decrease) in Cash & cash equivalents	(40,560)	(828,602)
Cash and cash equivalents - Opening	**993,577**	**1,780,654**
Add: Cash and cash equivalents acquired consequent to acquisition of subsidiaries/business during the year	-	5,984
Cash and cash equivalents - Closing	**953,017**	**958,036**
Cash and cash equivalents comprise		
Cash In Hand	6,237	6,378
Cheques In Hand	220,990	9,958
Deposit Account	308,463	659,453
Balance with Banks	417,860	317,788
Total Cash and cash equivalents	**953,550**	**993,577**
Cash and cash equivalents include :		
Cash & bank balances as per Balance Sheet (restated)	953,550	993,577
Net Unrealised Gains on Foreign Currency Cash & Equivalents	(533)	(35,541)
Total	**953,017**	**958,036**

Notes:

i) The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard – 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India .

ii) Previous year's figures have been regrouped wherever necessary to conform to the current year's classification .

iii) Following non cash transactions have not been considered in the cash flow statement :

– Tax deducted at source on income.

iv) Figures in brackets indicate cash outgo.

This is Consolidated Cash Flow Statement referred to in our report of even date

for and on behalf of the Board

Kaushik Dutta
Partner
M.No.: F88540

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New York
Date : June 02, 2008

V. C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

G. N. Gauba
Co. Secretary & V.P. Finance

Place: Noida
Date : June 02, 2008

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

		31.03.2008	31.03.2007
Schedule I – Share Capital			
Authorised			
803,000,000	Equity Shares of Re. 1/- each (Previous Year 803,000,000 Equity Shares of Re. 1/- each)	803,000	803,000
Issued[1]			
355,557,000	Equity Shares of Re. 1/- each (Previous Year 234,892,400 Equity Shares of Re. 1/- each)	355,557	234,892
Subscribed and Paid up[1]			
355,553,800	Equity Shares of Re. 1/- each (Previous Year 234,889,200 Equity Shares of Re. 1/- each) (Of the above shares 6,090,000 (Previous Year 6,090,000) shares are allotted as fully paid up pursuant to a contract for consideration other than cash) (Of the above shares 282,737,000 (Previous Year 165,292,400) shares are allotted as fully paid bonus shares by way of capitalisation of securities premium & general reserve). (Of the above shares 3,220,000 (Previous year Nil) shares are allotted by way of conversion of Zero Coupon Foreign Currency Convertible Bonds)	355,554	234,889
		355,554	**234,889**

[1] During the year the Company has made allotment of 117,444,600 equity shares of Re. 1/- each as bonus shares in proportion of one equity share for every two equity shares held and 3,220,000 equity shares of Re. 1/- each pursuant to conversion of Zero Coupon Foreign Currency Convertible Bonds (Refer B(5) of Schedule XIII).

	31.03.2008		31.03.2007	
Schedule II – Reserves & Surplus				
Revaluation Reserve		20,031		20,031
Reserve on Amalgamation		572,346		572,346
Securities Premium Account				
Additions during the year [1]	291,143	291,143	–	–
General Reserve				
As per Last Balance Sheet	1,079,623		824,158	
Additions during the year	264,517		255,465	
Deducations on adoption of Accounting Standard 15 (Revised) (Note B(14) of Schedule XIII)	436		–	
Deducations on Others [2]	117,445	1,226,259	–	1,079,623
Exchange Reserve on Consolidation (Refer A(9) of Schedule XIII)				
As per Last Balance Sheet	(46,722)		(18,080)	
Additions during the year	51,592		(28,642)	
Deductions during the year	–	4,870	–	(46,722)
Capital Reserve on Consolidation (Refer A(2) of Schedule XIII)				
As per Last Balance Sheet	25,487		16,607	
Additions during the year	–		8,880	
Deductions during the year	–	25,487	–	25,487
Profit and Loss Account				
As per Last Balance Sheet	1,910,489		1,289,314	
Additions during the year	1,217,045		876,640	
Deductions during the year	264,517	2,863,017	255,465	1,910,489
Total		**5,003,153**		**3,561,254**

[1] Consequent on conversion of Zero Coupon Foreign Currency Convertible Bonds (Note B(5) of Schedule XIII).

[2] Utilised for issue of bonus share in proportion of one equity share for every two equity shares held.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule III – Secured Loans		
Short Term Loans		
i) From Banks[1]		
– Rupee Loan	1,228,432	396,647
– Foreign currency Loan	158,046	310,929
ii) From Others[2]		
– Rupee Loan	–	5,003
Long Term Loans[3]		
i) From Banks		
– Rupee Loan[4]	73,263	227,798
– Foreign currency Loan[4]	244,086	195,419
ii) From Others		
– Rupee Loan[5]	14,433	20,977
– Vehicle Loan[6]	31,681	–
Total	**1,749,941**	**1,156,773**

[1] Rs.56,007 thousand (previous year Rs. 47,937 thousand) secured against hypothecation of stocks and book debts of Kyungshin Industrial Motherson Limited (KIML), Rs. 197 thousnad (previous year Rs.16,371 thousand) is secured by hypothecation of plant & machinery, inventories, stocks and corporate guarantee from promoters of the Company of Motherson Electrical Wires Lanka Private Limited, Rs.Nil (previous year Rs.3,341 thousand)secured by first charge by way of hypothecation of all current assets including present and future stocks, book debts and other specified moveable assets and first charge on entire fixed assets present & future of Woco Motherson Elastomer Limited, the balance secured by first charge by way of hypothecation of all present and future stocks, book debts and other specified moveable assets of the Company and second charge by way of hypothecation of all immoveable property of the Company.

[2] Rs. Nil (previous year Rs.5,003 thousand) secured by hypothecation of specific moulds, tools & dies of Visiocorp Motherson Limited used for production of components.

[3] Long terms loans due within a year are Rs.69,270 thousand (Previous Year Rs. 211,712 thousand).

[4] Secured by first pari-passu charge on entire fixed assets both moveable and immoveable of the Company present and future and second pari-passu charge on the entire current assets of the Company, KIML & Woco Motherson Advanced Rubber Technologies Limited, other than a fresh term loan of KIML amounting to Rs.42,500 thousand (Group's share) that is secured by first charge of equitable mortgage of leasehold rights of land at Oragadam and building constructed thereon and by way of hypothecation of the fixed assets created/to be created out of the said loan.Further, loans amounting to Rs.244,086 thousand are also secured by way of deposit of title deeds of specified properties of the Company.

[5] i) Tooling advances received from customers are repayable by way of amortisation on supply of components and hence cannot be distinguished between short term and long term

ii) Secured by hypothecation of specific moulds used for production of components.

[6] i) Due within a year Rs. 10,561 thousand (Previous Year Rs. Nil)

ii) Secured by hypothecation of specific vehicles purchased against such loans.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule IV – Unsecured Loans		
Short Term Loans		
– Other than Banks[1]	71,224	62,398
Long Term Loans		
From Other than Banks		
– Rupee Loan[2]	54,237	136,022
– Foreign currency Loan[3]	124,401	332,609
– Zero Coupon Foreign Currency Convertible Bonds (Refer B (5) of Schedule XIII)	2,891,412	2,914,080
Total	**3,141,274**	**3,445,109**

1 Repayable on demand.

2 Tooling advances received from customers are repayable by way of amortisation on supply of components and hence cannot be distinguished between short term and long term.

3 Long terms loan due within a year are Rs.124,401 thousand (Previous Year Rs. 119,422).

(Figures in Rs. Thousands)

Schedule V – Fixed Assets (Refer A(3), & A(4) of Schedule XIII

	GROSS BLOCK					DEPRECIATION/AMORTIZATION					NET BLOCK	
Particulars	As at 31.03.2007	Additions during the year[1]	Deletions / Sale/ Adjustments[2]	Exchange Translation Adjustment	Total as at 31.03.2008	Upto 31.03.2007	Depreciation/ Amortization for the year[3]	Depreciation/ Amortization on Delections/ Sale/ Adjustment[2]	Exchange Translation Adjustment	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Tangible												
Leasehold Land	423,817	149,999	–	–	573,816	12,987	–	–	–	12,987	560,829	410,830
Freehold Land	164,101	392,054	107,798	2,780	451,137	–	4,639	3,839	–	800	450,337	164,101
Leasehold improvements	57,949	14,585	–	127	72,661	31,360	4,433	–	21	35,814	36,847	26,589
Building	1,516,984	377,747	25,296	34,322	1,903,757	179,357	66,691	7,010	4,947	243,985	1,659,772	1,337,627
Plant & Machinery	4,808,384	1,048,076	199,887	74,033	5,730,606	2,168,067	582,770	107,145	38,196	2,681,888	3,048,718	2,640,317
Furniture, fixtures & Office equipments	204,639	54,773	3,597	5,942	261,757	120,951	55,339	2,601	5,521	179,210	82,547	83,688
Computers	175,108	38,729	5,775	(373)	207,689	131,407	28,195	3,166	(458)	155,978	51,711	43,701
Vehicles	220,932	71,964	29,351	2,838	266,383	108,533	48,514	20,935	2,714	138,826	127,557	112,399
Intangible												
Goodwill on consolidation	1,620	3,650	–	947	6,217	(78)	–	(78)	–	(0)	6,217	1,698
Technical Knowhow fees	1,171	–	–	3	1,174	1,169	–	–	5	1,174	–	2
Customer Lists & relationships	37,280	4,449	34,635	683	7,777	12,816	27,211	34,635	375	5,767	2,010	24,464
Intellectual property rights	8,688	–	–	–	8,688	3,909	–	–	–	3,909	4,779	4,779
Total	**7,620,673**	**2,156,026**	**406,339**	**121,302**	**9,491,662**	**2,770,478**	**817,792**	**179,253**	**51,321**	**3,460,338**	**6,031,324**	**4,850,195**
Previous Year	5,405,088	2,269,611	76,739	22,713	7,620,673	2,178,998	646,364	59,348	4,464	2,770,478		
Capital Work in Progress[4]											282,179	178,288
Grand Total	**7,620,673**	**2,156,026**	**406,339**	**121,302**	**9,491,662**	**2,770,478**	**817,792**	**179,253**	**51,321**	**3,460,338**	**6,313,503**	**5,028,483**

1 Consequent to the notification of AS-11 ' The Effects of Changes in Foreign Exchange Rates' under section 211 (3C) of the Companies Act,1956, the Company has charged to profit and loss account, the exchange fluctuation on liabilities incurred for acquisition of fixed assets outside India. The above change does not have any material effect on the financial statements for the year ended March 31, 2008.

2 Includes deletion of assets with net block amounting to Rs. 105,656 thousand (net of depreciation amounting to Rs. 106,172 thousand) (Previous Year Rs.Nil) on account of fire (Refer B(13) of Schedule XIII).

3 Includes impairment loss amounting to Rs.16,400 thousand (Previous Year Rs.Nil) recognised (Refer B(12) of Schedule XIII).

4 Net of impairment loss amounting to Rs.28,807 thousand (Previous Year Rs.Nil) recognised (Refer B (12) of Schedule XIII).

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

Particulars		31.03.2008	31.03.2007
Schedule VI – Investments			
Long-term Investments			
1. In Associate			
– Net Assets Value			
As at the beginning of the year	19,390		
Share of Profit in Associate	2,143	21,533	19,390
2. In Others		27,506	27,506
Short Term Investments in Shares		598	593
Total		**49,637**	**47,489**

Particulars		31.03.2008	31.03.2007
Schedule VII – Current Assets, Loans and Advances			
A. CURRENT ASSETS			
1. Stock in Trade (Refer A(6) of Schedule XIII)			
i) Finished Goods		726,658	494,926
ii) Work in Progress		498,439	356,901
iii) Raw Material & Components		1,391,972	969,479
iv) Goods in Transit(Raw Material & Components)		254,135	171,942
v) Store & Spares		22,177	10,165
	(1)	**2,893,381**	**2,003,413**
2. Sundry Debtors (Unsecured, unless otherwise stated)			
i) Outstanding for more than six months			
Considered Good		29,968	6,333
Considered Doubtful		9,950	9,791
		39,918	16,124
Less : Provision for doubtful debts		9,950	9,791
		29,968	6,333
ii) Other Debts			
Considered good		3,257,429	2,401,524
Considered Doubtful		2,189	2,538
		3,259,618	2,404,062
Less : Provision for doubtful debts		2,189	2,538
		3,257,429	2,401,524
	(2)	**3,287,397**	**2,407,857**
3. Cash and Bank Balances			
i) Cash in hand		6,237	6,378
ii) Cheques in hand		220,990	9,958
iii) Balance with Banks in			
a) Current Accounts		413,499	314,028
b) Deposit account [1]		308,463	659,453
c) Dividend Account		4,361	3,760
	(3)	**953,550**	**993,577**
Total A (1+2+3)		**7,134,328**	**5,404,847**

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2008

(Figures in Rs. Thousands)

Particulars	31.03.2008	31.03.2007
Schedule VII – Current Assets, Loans and Advances *(Contd.)*		
B. LOANS AND ADVANCES (Unsecured, unless otherwise stated)		
i) Advances recoverable in cash or in kind or for value to be received [2]		
Considered good	1,142,515	718,335
Considered doubtful	9,315	8,535
	1,151,830	726,870
Less : Provision for doubtful advances	9,315	8,535
	1,142,515	718,335
ii) Deposits with Excise, Customs & Govt Authorities	762,227	634,484
Total B	**1,904,742**	**1,352,819**
Grand Total (A+B)	**9,039,070**	**6,757,666**

[1] i) Deposits pledged with Excise & Sales Tax authorities Rs.60 thousand (Previous Year Rs. 56 thousand)

ii) Margin money Rs. 5,031 thousand (Previous Year Rs. 9,476 thousand)

[2] Includes capital advances of Rs. 190,657 thousand (Previous Year Rs. 174,630 thousand)

[2] Refer B(13) of Schedule XIII

Particulars	31.03.2008	31.03.2007
Schedule VIII – Current Liabilities and Provisions		
A. Current Liabilities		
i) Sundry Creditors	2,965,407	1,951,683
ii) Advance from customers	233,287	169,426
iii) Other Liabilities	460,695	366,263
iv) Investor Education & Protection Fund shall be credited by the following amount		
– Unpaid Dividend	4,361	3,760
v) Interest Accrued but not due	3,679	10,922
	3,667,429	**2,502,054**
B. Provisions		
i) Premium on Redemption of Zero Coupon Foreign Currency Convertible Bonds	856,102	833,598
ii) For Dividend (including tax thereon)	561,573	412,213
iii) For Wealth tax	2,546	2,093
iv) For Income tax (net)	105,743	(9,817)
iv) For Fringe Benefit Tax	90	13,210
v) For employee benefit	107,381	52,570
vi) For Warranty (Refer B (9) of Schedule XIII)	5,303	2,514
	1,638,738	**1,306,381**
Total	**5,306,167**	**3,808,435**

Particulars	31.03.2008	31.03.2007
Schedule IX – Miscellaneous Expenditure (To the extent not written off or adjusted) (Refer B (5) of Schedule XIII)		
Premium on Redemption/ Issue Expenditure of Zero Coupon Foreign Currency Convertible Bonds		
Opening Balance	584,835	755,244
Less: Written off during the year	165,049	170,409
Total	**419,786**	**584,835**

Schedules forming part of the Consolidated Profit and Loss Account

for the year ended March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule X – Other income		
a) Dividend Received		
– From Others[1]	293	153
b) Rent	33,893	34,066
c) Provision for dimunition in investment written back	5	–
d) Service Income	101,902	–
e) Sundries written back	17,001	5,130
f) Profit on sale of Land	240,041	–
g) Profit on sale of other fixed assets	8,969	4,788
h) Miscellaneous Income	108,415	161,310
Total	**510,519**	**205,447**
[1] Includes dividend from Short term Non- Trade investments	293	153

Schedule XI – Cost of materials and manufacturing and Other Expenses		
Materials consumed		
Opening Stock		
Raw materials	969,479	639,385
Work–in–progress	356,901	214,838
Finished goods	494,926	431,654
Increase in opening stock on account of acquisition of a subsidiary		
Raw materials	–	24,146
Work–in–progress	–	5,780
Finished goods	–	6,628
	1,821,306	1,322,431
Add : Purchases of Raw materials	12,142,549	9,140,351
Less: Closing Stock		
Raw materials	(1,391,972)	(969,479)
Work-in-progress	(498,439)	(356,901)
Finished goods	(726,658)	(494,926)
Less : Stock damaged due to fire (Refer B (13) of Schedule XIII)		
Raw materials	(59,860)	–
Work–in-progress	(28,022)	–
Finished goods	(17,425)	–
	(2,722,376)	(1,821,306)
Total consumption for goods sold	**11,241,479**	**8,641,476**

Schedules forming part of the Consolidated Profit and Loss Account

for the year ended March 31, 2008

(Figures in Rs. Thousands)

	31.03.2008	31.03.2007
Schedule XI – Cost of materials and manufacturing and Other Expenses *(Contd.)*		
Salary, wages, bonus etc	2,042,847	1,390,915
Contribution to Provident & Other Fund	226,061	150,941
Staff Welfare	197,829	140,631
Electricity, Water and Fuel	363,116	297,565
Repairs and Maintenance :		
Machinery	215,889	178,451
Building	131,001	71,970
Others	161,339	106,712
Consumption of Store and Spare parts	187,797	148,330
Conversion charges	357,917	314,066
Lease rent	71,931	35,873
Rent	135,148	115,602
Rates & taxes	11,339	19,967
Insurance	67,064	52,448
Donation	7,357	5,888
Travelling	238,533	183,311
Freight & forwarding	452,238	301,765
Royalty	96,241	63,936
Cash Discount	31,130	18,608
Commission	3,513	4,490
Provision for dimunition in value of Short Term Investments	–	34
Exchange fluctuation(net)		
Foreign Currency Convertible Bonds	265,996	80,600
Others	(104,362)	(92,671)
Bad Debts / Advances written off	3,197	8,637
Provision for Doubtful Debts/ Advances	14,008	4,991
Legal & professional expenses	500,042	361,481
Miscellaneous expenses	520,370	373,069
	17,439,020	**12,979,086**
Less : transfer of pre-operative expenses to capital work in progress	–	(5,239)
Total	**17,439,020**	**12,973,847**

Schedule XII – Interest (Net)		
Interest and Finance Expense		
– Privately Placed Debentures	22,882	17,751
– Fixed loans	16,253	19,312
– Amortisation of Premium / Issue expenditure on Redemption of Zero Coupon Foreign Currency Convertible Bonds	165,049	170,409
– Others	84,426	84,824
Less : Interest Income (Gross)		
– From Bank Deposits	14,962	37,824
– From Income Tax Refund	12,402	–
– From Others	17,304	16,501
Total	**243,942**	**237,971**

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act,1956. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

2. Principles of Consolidation

The Consolidated Financial Statements relate to Financial Statements of Motherson Sumi Systems Limited ('the Company') and it's Subsidiary Companies, Joint Ventures and Associates ('the Group').

The consolidated financial statements have been prepared on the following basis:

a) Subsidiaries

i) The subsidiaries have been consolidated by applying Accounting Standard 21 "Consolidated Financial Statements".

ii) Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.

iii) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances & intra-group transactions resulting in unrealised profits or losses.

iv) The excess of the cost of acquisition over the Company's portion of equity and reserves of the Subsidiary Company at each time an investment is made in a subsidiary is recognized in the financial statements as goodwill. Negative goodwill is recognized as capital reserve.

b) Investments in business entities over which the Company exercises joint control and the Company does not hold majority voting power are accounted for using proportionate consolidation in accordance with Accounting Standard 27 "Financial Reporting of Interest in Joint Venture".

c) Investments in Associates (entity over which the Company exercises significant influence, which is neither a subsidiary nor a joint venture) are accounted for using the equity method in accordance with Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

The Consolidated Financial Statements have been prepared using financial statements drawn upto same reporting dates to the extent practicable and where financial statements used are drawn up to different reporting dates adjustments are made for any significant transactions for events occurring between those dates and the date of this financial statement.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

3. Fixed Assets

i) The fixed assets except as stated in (ii) below are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of inward freight, duties and taxes and other incidental expenses.

ii) The fixed assets of the Component Division of erstwhile Motherson Auto Components Engineering Limited (MACE) have been stated at an amount inclusive of appreciation arising on revaluation of the assets by an approved valuer on December 31, 1998. The method adopted for revaluation of the assets are as under:

a) Land: Prevailing market rate of land as on the date of revaluation.

b) Buildings, Indigenous Plant and Machinery, Furniture and Fixtures, Moulds and Dies: Replacement value.

The Company charges assets costing less than Rs. 5,000 to expense, which could otherwise have been included as Fixed Asset, because the amount is not material in accordance with ' Accounting standard 10-' Accounting for fixed Assets'

4. Depreciation

i) Depreciation on fixed assets, except as stated below, is provided from the month the asset is ready for commercial production on a pro-rata basis at the SLM rates prescribed in schedule XIV to the Companies Act, 1956 where applicable or based on useful life, whichever is higher. The following assets are amortised, on the straight line method over a period

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

of their estimated useful lives, at rates higher than those prescribed in schedule XIV of the Companies Act, 1956:

	Rate (%)
Computers	33.33
Vehicles	25.00
Furniture, fixtures & Office equipments	16.67
Electrical Installations	10.00
Specific Identified Plant & Machinery	25.00

ii) In respect of revalued assets, depreciation is being provided on the revalued amounts over the remaining useful life of the assets at the SLM rates. Leasehold Land is amortised over the balance period of lease.

iii) Goodwill generated on consolidation in respect of subsidiaries is being carried at cost.

iv) Technical know-how fees paid to a foreign collaborator by one of the consolidating Company is being depreciated on SLM basis @ 50%.

v) Intangible Assets being customer relations acquired are amortised over a period of 5 years.

5. Investments

Investments other than subsidiaries, joint ventures and associates, which are accounted for separately as per note 2 above, are classified into long term and current investments. Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are carried at lower of cost and fair value. Fair value in the case of quoted investments refers to the market value of the investments arrived at on the basis of last traded prices as at the year-end.

6. Inventory

Stores and spares, loose tools are valued at cost or net realisable value, whichever is lower.

Raw materials, components, finished goods and work in progress are valued at cost or net realisable value, whichever is lower. The basis of determining cost for various categories of inventories is as follows:

i) Stores and Spares, Raw Materials and Components	First in First Out (FIFO) method
ii) Work in Progress and Finished Goods	Material cost plus appropriate share of labour and production overheads.
iii) Tools	Cost less amortisation based on useful life of the items ascertained on a technical estimate by the management

7. Retirement Benefits

In respect of the companies incorporated in India, the Group makes regular contributions to the State administered Provident Fund which is charged against revenue. The Group provides for long term defined benefit schemes of gratuity and compensated absences on the basis of actuarial valuation on the balance sheet date based on the Projected Unit Credit Method. In respect of gratuity, the Group funds the benefits through annual contributions to Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. The actuarial valuation of the liability towards the defined benefits of the employees is made on the basis of assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on contributions to LIC. The Group recognizes the actuarial gains and losses in the profit and loss account in the period in which they occur.

In respect of the companies incorporated outside India, where applicable the companies make defined contribution on a monthly basis towards employee benefits to a state administered plan.

8. Revenue Recognition

Sales are recognized upon the transfer of significant risks and rewards of ownership to the customers.

9. Foreign Exchange Transactions

Transactions involving foreign currencies are recorded at the exchange rate prevailing on the transaction date. Foreign currency monetary items are translated at the exchange rate prevailing at the balance sheet date and the gain/loss arising on such translation is credited / charged to profit and loss account. Premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of contract.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

For the purpose of consolidation, the Company has translated Assets and Liabilities of subsidiaries outside India, whose operations are classified as non-integral, at the year-end exchange rate and Income and Expenditure items at an average exchange rate that approximates to the exchange rate prevailing on the date of transaction. The resultant translation adjustment is reflected as a separate component of Shareholders' Funds as "Exchange Reserve on Consolidation".

10. Borrowing Costs

The borrowing costs on funds other than those directly attributable to the acquisition of a qualifying asset i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use, is charged to revenue in the period in which they are incurred.

The borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset.

11. Leases

Lease rental in respect of operating lease arrangements are charged to expense when due as per the terms of the related agreement on a straight line basis over the term of lease.

Lease rentals in respect of finance lease transactions entered into prior to March 31, 2001 is charged to expense when due as per the terms of the related agreement. Finance lease transactions entered into after this date are considered as financing arrangements in accordance with Accounting Standard 19 and the leased asset is capitalised at an amount equal to the present value of future lease payments and a corresponding amount is recognized as a liability. The lease payments made are apportioned between finance charge and reduction of outstanding liability in relation to leased asset.

12. Taxation

Current Tax

Current tax is provided on the basis of tax payable on estimated taxable income computed in accordance with the applicable provisions after considering the tax allowances and exemptions.

Deferred Taxes

In accordance with Accounting Standard 22 – Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date.

Deferred Tax Assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Fringe Benefit Tax

Fringe benefit tax is determined based on the liability computed in accordance with relevant tax rates and tax laws.

13. Earnings Per Share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax (and includes the post tax effect of any extra ordinary items) attributable to equity shareholders. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effect of potential dilutive equity shares.

14. Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price, and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

15. Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

B. NOTES TO THE ACCOUNTS

1. Contingent Liabilities :

(Figures in Rs. Thousands)

	As at March 31, 2008	As at March 31, 2007
a) In respect of Excise [1]	13,798	29,228
b) In respect of Entry Tax	2,667	2,522
c) In respect of Sales Tax	13,784	18,945
d) In respect of Service Tax	4,743	7,521
e) In respect of Custom Duty	444	171
f) In respect of Stamp Duty	1,804	1,804
g) In respect of Income Tax	20,185	5,735
h) In respect of Labour Cases	14,891	5,359
i) The Company has given corporate guarantee in respect of : [2]		
i) Joint Ventures	Nil	97,500
j) Bank Guarantees furnished by the Company	99,293	168,417

[1] Excludes interest

[2] Actual amount outstanding

Joint Ventures Rs. Nil (Rs. 75,144 thousand)

2. Outstanding Capital Commitments

	As at March 31, 2008	As at March 31, 2007
Unexpired amount of the contracts on capital accounts and not provided for (net of advance)	505,443	195,148

3. Consolidation:

A. Details of Motherson Sumi Systems Limited subsidiaries which have been considered in these consolidated accounts are as follows:

(Figures in Rs. Thousands)

Name of the Company	Country of Incorporation	% voting power held as at March 31, 2008	Reporting Dates used for Consolidation
MSSL Mauritius Holdings Limited	Mauritius	100%	December 31, 2007
MSSL Mideast (FZE)	UAE	100%	March 31, 2008
Motherson Electrical Wires Lanka Pvt. Limited	Sri Lanka	100%	March 31, 2008
MSSL Handels GmbH	Austria	100%	March 31, 2008
MSSL (S) Pte Ltd	Singapore	100%	March 31, 2008
Motherson PUDENZ WICKMANN Limited	India	56.13%	March 31, 2008
MSSL GmbH (through MSSL Mideast (FZE))	Germany	100%	December 31, 2007
MSSL (GB) Limited (through MSSL Mideast (FZE))	U.K.	100%	December 31, 2007
Motherson Sumi Wiring System Limited (FZC) (through MSSL Mideast (FZE))	UAE	51%	December 31, 2007
MSSL Ireland Private Limited (through MSSL Mauritius Holdings Limited)	Ireland	100%	December 31, 2007
MSSL Tooling Limited (FZE) (through MSSL Mauritius Holdings Limited)	UAE	100%	December 31, 2007
Global Environment Management (FZC) (through MSSL Mauritius Holdings Limited)	UAE	50.001%	December 31, 2007

(Contd.)

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

(Contd.)

(Figures in Rs. Thousands)

Name of the Company	Country of Incorporation	% voting power held as at March 31, 2008	Reporting Dates used for Consolidation
MSSL Australia Pty Limited (through MSSL (S) Pte. Ltd) [3]	Australia	80%	December 31, 2007
MSSL Polymers GmbH (formerly known as G&S Kunststofftechnik GmbH) (through MSSL GmbH)	Germany	100%	December 31, 2007
Mothersonsumi Reiner GmbH (through MSSL GmbH) (Refer B(4)(b) below)	Germany	100%	December 31, 2007
MSSL Advanced Polymers s.r.o (formerly known as FP Formagrau s.r.o.) (through MSSL GmbH)	Czech Republic	100%	December 31, 2007
Global Environment Management Australia Pty Limited (through Global Environment Management (FZC))	Australia	100%	December 31, 2007
Motherson Elastomers Pty Limited (through MSSL Australia Pty Limited)	Australia	100%	December 31, 2007
Motherson Investments Pty Limited (through MSSL Australia Pty Limited)	Australia	100%	December 31, 2007

[3] Acquired business of Empire Rubber during the year, refer B (4) (d) below.

B. Details of Associate Company are as follows:

Name of the Company	Country of Incorporation	% voting power held as at March 31, 2008	Reporting Dates used for Consolidation
Saks Ancillaries Limited	India	40.01%	March 31, 2008

C. Details of Joint Venture Companies which have been considered in these consolidated accounts are as follows:

Name of the Company	Country of Incorporation	% voting power held as at March 31, 2008	Reporting Dates used for Consolidation
Visiocorp Motherson Limited (formerly Schefenacker Motherson Limited)	India	49%	December 31, 2007
Kyungshin Industrial Motherson Limited	India	50%	March 31, 2008
Woco Motherson Limited (FZC) (through MSSL Mauritius Holdings Limited)	UAE	33.33%	December 31, 2007
Woco Motherson Elastomers Limited	India	33.33%	March 31, 2008
Woco Motherson Advanced Rubber Technologies Limited	India	33.33%	March 31, 2008
Balda Motherson Solution India Limited	India	40%	March 31, 2008
Calsonic Kansei Motherson Auto Products Limited	India	49%	March 31, 2008

4. Acquisition / Disposal of Investments during the year

a) Incorporation of Calsonic Kansei Motherson Auto Products Limited

During the year, the Company entered into a joint venture agreement with Calsonic Kansei Corporation and made an investment of Rs. 49 million in Calsonic Kansei Motherson Auto Products Limited towards its 49% share in joint venture.

b) Incorporation of Motherson Orca Precision Technology GmbH and transfer of business of MSSL Reiner GmbH

During the year MSSL GmbH, the Company's wholly owned subsidiary through MSSL Mideast (FZE) has entered into an agreement with Dremotec GmbH & Co. KG and Sirius Invest AG and incorporated another subsidiary Motherson Orca

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

Precision Technology GmbH in which MSSL GmbH hold 51% equity and the balance is held by Dremotec GmbH & Co. KG. Subsequently, the business of MSSL Reiner GmbH (100% subsidiary of MSSL GmbH) has been transferred to the newly incorporated entity with effect from January 01, 2008.

c) **Transfer of MSSL Mauritius Holdings Limited's share in MSSL Tooling (FZE) to MSSL Mideast (FZE)**

MSSL Mauritius Holdings Limited, a wholly owned subsidiary has decided to transfer 1,500 shares of face value AED 100 each amounting to AED 150,000 (equivalent to EUR 32,504) in MSSL Tooling (FZE) to MSSL Mideast (FZE) also a wholly owned subsidiary at par for a consideration of EUR 32,504.12 vide share transfer agreement dated May 14, 2008. The change does not have any impact on the consolidated financial statements.

d) **Acquisition of Empire Rubber Business**

On May 31, 2007, Motherson Elastomers Pty Ltd and Motherson Investments Pty Ltd (wholly owned subsidiaries of MSSL Australia Pty Ltd) acquired the business of Empire Rubber, a large private Company engaged in rubber mixing and manufacturing rubber components. Motherson Investments Pty Ltd acquired the Land and Buildings and Motherson Elastomers Pty Ltd acquired certain assets and liabilities. At acquisition date goodwill of Rs. 3,650 thousand, being the excess of consideration paid over the fair value of identifiable net assets has been recognized.

e) Consequent to the fulfillment of conditions specified in the joint venture agreement between MSSL Mauritius Holdings Limited (MMHL), a 100% subsidiary of the Company and ECompost (EC), Global Environment Management (FZC), a subsidiary of MMHL has issued 1,000,000 shares of AUD 1,000,000 to EC against options granted against acquisition of intellectual property rights. Accordingly, an amount of Rs. 26,207 thousand being excess of par value of shares issued and fair value of rights has been charged off as technical know-how expenditure under legal and professional expenses.

5. **Issue of Zero Coupon Convertible Bonds**

During the year ended March 31, 2006, the Company issued Euro 50,300,000 Zero Coupon Convertible Bonds due 2010 (the "Bonds"). The Bonds are convertible either at the option of the holder at any time on or after August 24, 2005 (or such earlier date as is notified to the holders of the Bonds by the Company) upto July 6, 2010 by holders into fully paid equity shares with full voting rights at par value of Re. 1.00 each of the Issuer ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of Rs. 74.30[4] per Share with a fixed rate of exchange on conversion of Rs. 52.01 = Euro 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Issuer, at any time on or after July 15, 2008 and prior to July 7, 2010 subject to satisfaction of certain conditions and at their "Early Redemption Amount" (as defined in the "Terms & Conditions of the Bonds") at the date fixed for such redemption if the "Closing Price" (as defined in the "Terms & Conditions of the Bonds") of the Shares translated into Euro at the "prevailing rate" (as defined in the "Terms & Conditions of the Bonds") for each of 20 consecutive "Trading Days" (as defined in the "Terms & Conditions of the Bonds") the last of which occurs not more than five days prior to the date upon which notice of such redemption is published, is greater than 130 per cent, of the "Conversion Price" (as defined in the "Terms & Conditions of the Bonds") then in effect translated into euro at the rate of Rs. 52.01 = Euro 1.00.

The Bonds may also be redeemed, in whole, but not in part, at any time at the option of the Issuer at their Early Redemption Amount, if less than 10 per cent, in aggregate principal amount of the Bonds originally issued is outstanding.

The Bonds may also be redeemed in whole, but not in part, at the option of the Issuer subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at their Early Redemption Amount, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Issuer in Euros on July 16, 2010 at 126.77 per cent of its principal amount.

The issuer will, at the option of any holder of any Bonds, repurchase at the Early Redemption Amount such Bonds at such time as the Shares cease to be listed or admitted to trading on the BSE and the NSE (as defined in the "Terms & Conditions of the Bonds") in respect of the Issuer. These Bonds are listed in the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Consequent to the exercise of conversion option by holders of bonds of face value Euro 4.6 million, the Company has allotted 3,220,000 equity shares. Accordingly, an amount of Rs. 291.14 million (including amortised premium/ issue expenditure on such bonds upto the date of conversion) has been credited to securities premium account.

[4] Revised from Rs. 111.45, in accordance with the terms of issue, consequent to the issue of bonus shares by the Company.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

6. Payment to the Group's Auditors:

(Figures in Rs. Thousands)

	Year ended March 31, 2008	Year ended March 31, 2007
a) Statutory Audit Fees	5,790	5,758
b) Taxation Matters	397	169
c) Reimbursement of expenses	529	663
d) Others (certification charges and other services)	474	404
Total	**7,190**	**6,994**

7. Earnings per share

Weighted Average number of Equity Shares of Re. 1 /- each (Previous Year Re 1/- each) outstanding at the end of the year	353,404,456	234,889,200
Net profit after tax available for equity Shareholders (Rs in thousand)	1,778,618	1,295,192
Basic/ Diluted[6] Earnings (in Rupees) Per Share of Re. 1/- each. (Previous Year Re 1/- each)	5.03	3.67 [5]

[5] Adjusted consequent to the issue of 117,444,600 equity shares of Re 1/- each as bonus shares.

[6] Potential conversion of Zero Coupon Currency Convertible Bonds issued is anti-dilutive and accordingly, has not been considered in the calculation of diluted earnings per share.

8. Deferred Tax

i) The break up of net deferred tax liability as at March 31, 2008 is as under:

(Figures in Rs. Thousands)

Timing differences on account of	As at March 31, 2008	Exchange fluctuation	Credit/ (Charge) for the year	As at March 31, 2007[7]
Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act (to the extent considered realisable)	(151,526)	483	(89,695)	(62,314)
Difference between depreciation as per financial statement and depreciation as per Income Tax Return	191,662	(1,536)	54,163	139,035
Net Deferred Tax Liability/ (Asset)	40,136	(1,053)	(35,532)	76,721

[7] Includes deferred tax liability amounting to Rs.3,651 thousand consequent to the acquisition of business of Empire Rubber

ii) In view of the Group's past financial performance and future profit projections, the Group expects to fully recover the deferred tax assets.

9. The Company has the following provision in the books of account as on March 31, 2008

(Figures in Rs. Thousands)

Description	Opening Balance	Additions during the year	Utilized/Reversed during the year	Closing Balance
Warranty				
Current Year	2,514	4,941	2,152	5,303
Previous Year	3,611	4,875	5,972	2,514

Warranty provision relate to the estimated outflow in respect of warranty for products sold by the Group. Due to the very nature of such costs, it is not possible to estimate the timing / uncertainties relating to the outflows of economic benefits.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

10. Related Party Disclosures

Related party disclosures, as required by AS18, "Related Party Disclosures", are given below:

I. Relationships where control exists:

a. Joint Ventures:

Kyungshin Industrial Motherson Limited
Visiocorp Motherson Limited (formally known as Schefenacker Motherson Limited)
Balda Motherson Solution India Limited
Woco Motherson Elastomer Limited
Woco Motherson Advanced Rubber Technologies Limited
Woco Motherson Ltd. (FZC)
Calsonic Kansei Motherson Auto Products Limited

b. Associate Companies:

Saks Ancillaries Limited

c. Key Management Personnel:

i) Board of Directors of holding Company:

Mr. V C Sehgal
Mr. Toshimi Shirakawa
Mr. M S Gujral
Mr. Bimal Dhar
Mr. H Murai
Mr. A Yamauchi
Mr. M Matsushita
Maj. Gen Amarjit Singh (Retd)
Mr. Pankaj Mital
Mr. Arjun Puri

ii) Other Key Management Personnel:

Mr. Vivek Avasthi
Mr. Ravindra Mathur
Mr. G.N. Gauba
Mr. N Ramanathan

iii) Relatives of Key Management Personnel:

Mr. Laksh Vaaman Sehgal
Mrs. Renu Sehgal
Ms. Vidhi Sehgal
Mrs. Geeta Soni
Mrs. Neelu Mehra
Mrs. P. Avasthi
Mr. Harjit Singh
Ms. Subina Avasthi

d. Companies in which Key Managerial Personnel or their relatives have control/ significant influence:

Motherson Auto Limited
Motherson Air Travel Agencies Limited
Ganpati Auto Industries
South City Motors Ltd.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

Motherson Techno Tools Limited
Sumi Motherson Innovative Engineering Limited
SWS India Management Support & Service (P) Ltd
Vaaman Auto Industries
A Basic Concepts Design India Private Ltd
Motherson Sumi Infotech and Designs Limited
Motherson Engineering Research and Integrated Technologies Limited
Moon Meadows Pvt. Ltd.
Sisbro Creations Pvt. Ltd.
Motoman Motherson Robotics Ltd.
NACHI Motherson Tool Technology Limited
Motherson
Samvardhana Motherson Finance Ltd.
A Basic Concepts Design Pty Ltd
ATAR Mauritius Pvt. Ltd.
Motherson Auto Solutions Pvt. Ltd
Motherson Machinery and Automations Pvt. Ltd
Spheros Motherson Thermal System Limited
Motherson Automation Technology Ltd
Matsui Technologies India Limited
Motherson Moulds and Diecasting Ltd
ASI Motherson Communications Solution Ltd.
Webasto Motherson Sunroofs Limited
Anest Iwata Motherson Limited
Field Motor Private Limited
AES (India) Engineering Limited
Miyazu Motherson Engineering Design Limited
Motherson Moulds Pvt. Ltd
Anest Iwata Motherson Coating Equipment Limited
Nissin Advance Coating Indo Company Limited.
Magnetti Marelli Motherson Holding India BV
Magnetti Marelli Motherson Auto System Ltd.
Samvardhana Motherson Finance services Cyprus Ltd.
Motherson Zanotti Refrigeration System Ltd.
Motherson Timetooth Technologies Pvt. Ltd.
Samvardhana Motherson Finance services Inc.
Motherson Timetooth Technologies Inc.

e. Joint Venturer:

Sumitomo Wiring Systems Limited, Japan
Wilhelm Pudenz GmbH, Germany
Visiocorp Plc, UK
Kyungshin Industrial Co., Korea
Woco Franz Josef Wolf Holding GmbH, Germany
Balda AG, Germany
Calsonic Kansei Corporation, Japan

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

II. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in 10 (1) above:

(Figures in Rs. Thousands)

S.No.	Particulars	Parties mentioned in 10 (1) (a) above		Parties mentioned in 10 (1) (b) & (d) above		Parties mentioned in 10 (1) (e) above		Parties mentioned in 10 (1) (c) above	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1.	Sale of Goods	901,237	464,908	19,157	20,981	389,407	387,521	–	–
2.	Rendering of Services	99,763	19,694	19,467	17,647	–	4,719	–	–
3.	Sale of Fixed Assets	7,941	–	59	–	76	–	–	–
4.	Purchase of Goods	36,278	19,133	467,797	409,625	1,259,629	912,790	–	–
5.	Purchase of Fixed Assets	8,680	723	23,061	41,123	12,511	4,044	–	–
6.	Purchase of Services	8,198	1,449	314,452	278,124	9,741	14,986	5,119 [8]	4,966 [8]
7.	Reimbursement (Net)	4,499	3,472	3,105	1,995	868	2,430	–	–
8.	Investments made during the year	193,747	297,142	–	–	86,283	25,000	–	–
9.	Purchase of Shares	–	–	–	–	20,443	–	–	–
10.	Sale of Shares	–	–	–	–	–	1,744	–	–
11.	Royalty	5,399	3,624	–	–	87,932	60,452	–	–
12.	Remuneration/ Sitting Fees of Directors	–	–	–	–	–	–	18,852	18,727
13.	Interest Income	11,030	10,024	36	505	–	436	–	–
14.	Interest Expense	–	1,884	1,167	547	–	33	–	–
15.	Dividend Paid	–	–	100,725	77,223	136,911	96,884	21,384 [9]	16,394 [9]
16.	Dividend Received	34,229	57,763	–	151	–	–	–	–
17.	Advance Given against Equity / Preference Share	11,739	–	–	–	–	–	–	–
18.	Loans Received during the year	5,000	3,472	10,000	40,000	–	11,687	–	–
19.	Loans Given during the year	–	150,594	980	13,720	–	–	–	–
20.	Loans Repaid during the year	–	138	980	30,000	86,283	8,896	–	–
21.	Loans Received back during the year	143,806	15,000	–	–	–	–	–	–
22.	Security Deposits Received	30,128	9,535	–	544	7,043	–	–	–
23.	Security Deposits Repaid	128	–	–	–	–	–	–	–
	Balances as at year end								
24.	Investments	638,622	446,106	38,230	38,230	–	–	–	–
25.	Advance Given against Equity / Preference Share	11,739	–	–	–	–	–	–	–
26.	Loans Payable	17,500	20,000	20,000	10,000	–	–	–	–
27.	Loans Receivable	20,814	167,120	–	726	–	–	–	–
28.	Advances Receivable	1,496	4,699	8,524	1,817	–	–	–	–
29.	Security Deposit Received	32,561	2,561	2,628	2,298	–	–	–	–
30.	Security Deposits Given	–	–	2,706	2,877	–	–	542	542
31.	Guarantees Closing	–	97,500	–	–	–	–	–	–
32.	Trade Payable	8,974	6,378	89,651	124,129	232,391	196,651	193	–
33.	Trade Receivable	125,698	22,598	3,826	6,449	33,274	31,666	–	–
34.	Minority Interest	–	138,938	–	–	–	–	–	–

The corresponding figures of the previous year have been regrouped and reclassified, wherever necessary.

[8] Includes rent of Rs. 3,785 thousand (previous year Rs. 3,654 thousand) paid to Mr. V.C. Sehgal, Mr. Laksh Vaaman Sehgal, Mrs. Renu Sehgal, Ms. Vidhi Sehgal.

[9] Dividend of Rs. 21,384 thousand (previous year Rs. 16,394 thousand) paid to Mr. V. C. Sehgal, Mr. Laksh Vaaman Sehgal, Mrs. Neelu Mehra, Mrs. Geeta Soni, Ms. Vidhi Sehgal, Mr Pankaj Mital, Mr M.S. Gujral, Mr. G.N.Gauba, Mr. Vivek Avasthi, Mrs. Renu Sehgal, Mrs. Padma Avasthi, Mrs. Subina Avasthi, Mr. Harjit Singh.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

11. Segment Information

a. Information about Primary Business Segments

(Figures in Rs. Thousands)

	Automotive		Non automotive		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue								
External	17,788,192	13,007,239	3,138,418	2,654,690	12,028	(33,003)	20,938,638	15,628,926
Inter segment	146,870	147,735	–	–	–	–	146,870	147,735
Total revenue	17,641,322	12,859,504	3,138,418	2,654,690	12,028	(33,003)	**20,791,768**	**15,481,191**
Results								
Segment result	2,258,446	1,498,914	266,844	395,838	–	–	2,525,290	1,894,752
Interest expense (net of Interest income)	–	–	–	–	243,943	237,972	243,943	237,972
Other Unallocable (net of Income)	–	–	–	–	19,140	33,771	19,140	33,771
Profit of Associate	–	–	–	–	2,143	1,703	2,143	1,703
Profit before taxation	**–**	**–**	**–**	**–**		**–**	**2,264,350**	**1,624,712**
Provision for taxation	–	–	–	–	513,921	337,888	513,921	337,888
Net profit after tax	**–**	**–**	**–**	**–**	**–**	**–**	**1,750,429**	**1,286,824**
– Concern Share							1,778,618	1,295,192
– Minority Share							(28,189)	(8,368)
Other items								
Segment assets	11,654,958	8,455,949	3,417,401	2,755,136	729,599	1,187,357	15,801,958	12,398,442
Segment liabilities	2,565,089	1,756,648	1,003,735	665,005	6,668,683	6,061,734	10,237,507	8,483,387
Capital expenditure	1,846,371	1,869,843	309,654	399,766	–	–	2,156,025	2,269,609
Depreciation	720,202	512,941	126,397	133,423	–	–	846,599	646,364
Amortisation of Premium on Redemption of Zero Coupon Foreign currency convertible bonds	–	–	–	–	165,049	170,409	165,049	170,409

b. Information about Secondary Business Segments

	India		Outside India[10]		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue by geographical markets								
External	13,315,736	10,186,991	7,464,004	5,327,203	12,028	(33,003)	20,791,768	15,481,191
Total	**13,315,736**	**10,186,991**	**7,464,004**	**5,327,203**	**12,028**	**(33,003)**	**20,791,768**	**15,481,191**
Carrying amount of segment assets	9,664,004	7,126,862	5,408,356	4,084,223	729,599	1,197,170	15,801,959	12,408,255
Addition to fixed assets	1,803,825	1,437,034	352,200	832,575	–	–	2,156,025	2,269,609

[10] Includes Europe, America, Asia Pacific, Middle East and Australia

c) Composition of Business Segments

The Company is organized into two main business segments, namely:

Automotive	Wiring Harness, High Tension Cords, Wire, Plastic Components, Rubber Components, Cockpit Assembly
Non Automotive	Wiring Harness, Pen-Stamp Assembly, Plastic Components, Household Wires, Plates, Aerobin

d) Inter Segment Transfer Pricing

Inter Segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, with an overall optimisation objective for the Group.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

12. The management of the Company, based on the review of future business plans has estimated the value in use/ recoverable value lower than the carrying value of the certain assets that were carried as Capital Work in Progress and consequently recognised an impairment loss to the extent of the entire carrying value of such assets amounting to Rs. 28,807 thousand (Previous year Rs. Nil).

Further, MSSL Tooling Limited (FZE) (MTL), a 100% subsidiary had acquired certain assets of a Company under administrator with an intention to continue supply to the existing customers. However, the Company has not been able to utilise the entire block of assets. Hence, the management based on the review of future business plans for the next three years has estimated the value in use lower than the carrying value of the asset and consequently recognised an impairment loss of Rs. 16,400 thousand (previous year Rs. 14,534 thousand), included in depreciation charged for the year. Consequently, the fixed assets of MTL have been carried at recoverable values being the value in use. The management has used the discount rate of 6% being the incremental borrowing costs for the Company.

13. Loans and advances include insurance claim receivable from insurance Company of Rs. 153,113 thousand (net of interim claim received) on damage of stocks, equipment and building due to fire in two of the Company's manufacturing facilities located at Noida. In the opinion of management, the claims are fully recoverable.

14. The Company has during the year complied with the Accounting Standard 15 (Revised 2005) on Employee Benefits issued by The Institute of Chartered Accountants of India. In accordance with the transitional provision in the aforesaid standard, the increase in the employee benefit liability as on April 01, 2007 amounting to Rs. 436 thousand has been adjusted against general reserve. The adoption of the aforesaid standard does not have a material impact on the profit for the year.

The long term defined benefits and contribution schemes of the Group are as under:

A) Defined Benefit Schemes

i) Gratuity

The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on retirement/termination. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation. The Company pays contribution to Life Insurance Corporation of India to fund its plan.

ii) Leave Encashment / Compensated Absences

The employees are entitled for leave for each year of service and part thereof and subject to the limits specified, the un-availed portion of such leaves can be accumulated or encashed during/ at the end of the service period. The plan is not funded.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

(Figures in Rs. Thousands)

Particulars	For the Year ended March 31, 2008	
	Gratuity	Leave encashment/ Compensated Absences
Obligations at year beginning	67,541,050	20,426,170
Service Cost – Current	8,456,357	6,279,742
Interest Cost	3,680,228	1,485,672
Actuarial (gain) / loss	9,015,077	9,502,639
Benefit Paid	(4,512,000)	(9,193,662)
Obligations at year end	**84,180,712**	**28,500,561**
Change in plan assets		
Plan assets at year beginning, at fair value	51,460,647	–
Expected return on plan assets	4,153,302	–
Actuarial gain / (loss)	1,571,495	–
Contributions	14,205,684	–
Benefits paid	(4,141,253)	–
Plan assets at year end, at fair value	**67,249,875**	**–**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Present value of the defined benefit obligations at the end of the year	84,180,712	28,500,561
Fair value of the plan assets at the end of the year	67,249,875	–
Liability recognised in the Balance Sheet	**16,930,836**	**28,500,561**
Defined benefit obligations cost for the year		
Service Cost – Current	8,456,357	6,279,742
Interest Cost	3,680,228	1,485,672
Expected return on plan assets	(4,153,302)	–
Actuarial (gain) / loss	7,443,582	9,502,639
Net defined benefit obligations cost	**15,426,865**	**17,268,053**

Investment details of plan assets

100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme.

The principal assumptions used in determining post-employment benefit obligations are shown below :

	2008
Discount Rate	8% pa
Future salary increases	5.5% pa
Expected return on plan assets	8% pa

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

B) Defined Contribution Schemes

The Group deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Social Insurance for the benefit of the employees. Accordingly, the Group's contribution during the year that has been charged to revenue amounts to Rs.226,061 thousand.

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

15. Interest in Joint Ventures

The Group's interests, as a venture, in jointly controlled entities as at March 31, 2008 are:

Name of the Company	Country of Incorporation	% Voting power held as at March 31, 2008	% Voting power held as at March 31, 2007
Visiocorp Motherson Limited (formally Schefenacker Motherson Limited)	India	49%	49%
Kyungshin Industrial Motherson Limited	India	50%	50%
Woco Motherson Limited (FZC) (through MSSL Mauritius Holdings Limited)	UAE	33.33%	33.33%
Woco Motherson Elastomers Limited	India	33.33%	33.33%
Woco Motherson Advanced Rubber Technologies Limited	India	33.33%	33.33%
Balda Motherson Solution India Limited	India	40%	100%
Calsonic Kansei Motherson Auto Products Limited	India	49%	–

The following amounts represent the Groups share of the assets and liabilities and revenue and expenses of the joint venture and are included in the consolidated balance sheet and consolidated profit & loss account:

(Figures in Rs. Thousands)

Particulars	2008	2007
Assets		
Fixed Assets	624,473	532,085
Capital Work in Progress	20,965	78,195
Current Assets	1,115,383	728,967
Liabilities		
Secured Loans	132,193	125,906
Unsecured Loans	23,387	169,502
Current Liabilities & Provisions	696,274	429,447
Deferred Tax (Net)	4,569	2,226
Reserves & Surplus	253,404	165,790
Revenue		
Sales	2,294,134	1,586,438
Other Income	20,853	30,483
Expenditure	2,050,587	1,472,680
Profit before Tax	264,400	144,241
Provision for Tax	101,667	51,978
Profit after Tax	162,733	92,263
Contingent Liabilities		
– In respect of Excise, Sales tax & Service tax matters	21,211	6,806
– Bank Guarantees	53,027	9,588
Capital Commitment	**27,883**	**56,154**

Schedules forming part of the Consolidated Accounts

Schedule XIII – Significant Accounting Policies and Notes forming part of the Consolidated Accounts *(Contd.)*

16. The Group is required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The companies in the Group appoint independent consultants annually for conducting the transfer pricing study to determine whether the transactions with the associate enterprises are undertaken during the financial year on an arm's length basis. Adjustments, if any, arising from the transfer pricing study in the respective jurisdiction shall be accounted for as and when the study is completed for the current financial year. The management is of the opinion that its international transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statements.

17. The corresponding figures of previous year have been regrouped, rearranged wherever necessary to conform to the current year's classification.

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for and on behalf of the Board

V. C. Sehgal
Chairman

Toshihiro Watanabe
Whole time Director

Pankaj Mital
Chief Operating Officer

Place: Noida
Date : June 02, 2008

G. N. Gauba
Co. Secretary & V.P. Finance

Motherson Sumi Systems Limited

Regd. Office: 3rd Floor, Bhageria House, 43 Community Centre, New Friends Colony, New Delhi - 110 025

ATTENDANCE CARD

21st Annual General Meeting, Monday, August 11, 2008 at 11.30 A.M.

Folio No. /DP Client ID ______________________ No. of shares _____________________

Name ___________________________________

Address _________________________________

____

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company being held at 11.30 A.M. on Monday, 11.08.2008, at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi.

____

Members Signature

Proxy's name ______________________

Proxy's signatures ______________________

Note: 1. Please note that no gifts or coupons will be given to the shareholders for attending the Annual General Meeting.

2. Members holding shares in physical form are requested to advise the change in their address, if any, to Karvy Computershare Pvt. Ltd., 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500 034 and members holding shares in demat are requested to advise the change to their respective Depository Participants.

Motherson Sumi Systems Limited

Regd. Office: 3rd Floor, Bhageria House, 43 Community Centre, New Friends Colony, New Delhi - 110 025

FORM OF PROXY

I/We ____ of ____being a Member/Member(s) of Motherson Sumi Systems Limited hereby appoint ____ of ____ or failing him/her ____ of _______________________________ or failing him/her __________________________of ______________________________as my/our proxy to vote for me/us and on my/our behalf at Annual General Meeting of the company to be held at 11.30 A.M. on Monday, 11.08.2008, at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi and at any adjournment thereof.

Dated: this _____ day of _________2008

For office use only

Proxy No.____

Folio No. /DP Client ID ________________________________

No. of shares ____

Members Signature

Affix Rs. 1 Revenue Stamp

Note: 1. The proxy form should be signed across the stamp as per specimen signature registered with the Company.

2. The Proxy must be deposited at the Registered Office at 43, Community Centre, New Friends Colony, New Delhi-110 025, not later than 48 hours before the time for holding the meeting.

3. The proxy need not be a member of the Company.

Motherson Sumi Systems Limited

Regd. office: 3rd Floor, Bhageria House, 43 Community Centre, New Friends Colony, New Delhi - 110 025

NOTICE

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the members of Motherson Sumi Systems Limited will be held on Monday, 11.08.2008 at 11:30 A.M. at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet of the Company as at 31.03.2008 and profit & loss account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To declare the final dividend for the year 2007-2008 on the equity shares of the Company.
3. To appoint a Director in place of Mr. M.S. Gujral, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arjun Puri, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors. M/s. Price Waterhouse, Chartered Accountants, Gurgaon, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 387 and subject to Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and subject to such other approvals/sanctions as may be necessary, the approval of the members be and is hereby accorded to the re-appointment of Mr. Pankaj Mital as 'Manager' of the Company designated as Chief Operating Officer for a period of three years w.e.f. 01.04.2008 on the terms and conditions including the remuneration, as set out in the explanatory statement which shall be deemed to form part hereof.

   RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary and/or revise the remuneration of the said Manager within the permissible limits under the provisions of the Companies Act, 1956 or any statutory thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT Mr. Toshihiro Watanabe, who was appointed as an Additional Director of the Company w.e.f. 02.06.2008 and who holds office till the date of the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and Article 85 (2) of Articles of Association of the Company and in respect to whom the Company has received a notice in writing from a shareholder pursuant to Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and subject to Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and subject to the approval of the Central Government and such other approvals/sanctions as may be necessary, the approval of the members be and is hereby accorded to the appointment of Mr. Toshihiro Watanabe as a Whole-time Director of the Company for a period of three years w.e.f. 02.06.2008 on the terms and conditions including the remuneration, as set out in the explanatory statement which shall be deemed to form part hereof.

   RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary and/or revise the remuneration of the said Whole-time Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."

By Order of the Board
for **Motherson Sumi Systems Limited**

G.N. Gauba
Vice President (Finance) & Company Secretary

<u>Regd. office :</u>
3rd Floor, Bhageria House,
43, Community Centre, New Friends Colony,
New Delhi – 110 025

Date: June 02, 2008
Place: Noida

NOTES

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

3. Corporate Members intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution, authorizing their representative(s) to attend and vote at the Annual General Meeting.

4. Register of members and Share Transfer Books of the Company shall remain closed from 05.08.2008 to 11.08.2008 (both days inclusive). Dividend, if approved at the meeting, will be paid to those members whose names appear as:

   a) Beneficial owners, as at the end of business hours on 04.08.2008 as per lists to be furnished by NSDL and CDSL in respect of shares held in electronic form and;

   b) Members in the Register of Members as on 11.08.2008 after giving effect to valid transfer requests received before the close of business hours on 04.08.2008.

5. Members holding shares in physical form are requested to notify change of address, if any, to the Company's **Registrar and Share Transfer Agents (RTA), M/s. Karvy Computershare Pvt. Ltd., "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034,** quoting correct folio number and in case of shares held in dematerialized form to the concerned Depository Participant.

6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years would be transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government and the shareholder(s) would not be able to claim any amount of dividend so transferred to the fund. The proposed date for the transfer of dividend by the Company for the year 2000-2001 to IEPF is 03.09.2008.

6. Members/proxies should bring the attendance slip duly filled in for attending the meeting along with their copy of Annual Report. No extra attendance slip and/or Annual Report will be provided at the venue of the Annual General Meeting.

7. Members who hold shares in dematerialized form may kindly note that their bank account details, as furnished by their depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such members for deletion or change in such bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to shares held in electronic form. **Members who wish to change such bank account details are therefore requested to advise their depository participants about such change with complete details of bank account.**

8. Members holding shares in physical form and desirous of availing Electronic Clearing System (ECS) facility, are advised to submit particulars of their bank account, viz. name and address of branch of the bank, nine-digit MICR code, type of account and account number to the Company's Registrar and Share Transfer Agents (RTA), M/s. Karvy Computershare Pvt. Ltd.

9. The relevant details as required under Clause 49 of the Listing Agreement entered with the stock exchanges, of person seeking appointment/re-appointment as Director is also annexed and forms part of this Notice.

10. All the material documents, resolutions, passed by the Board of Directors with regard to proposed resolutions at items No. 6 and 8, Memorandum and Articles of Association of the Company etc. are open for inspection to the members till the conclusion of the Annual General Meeting at the Registered Office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 6

The Board of Directors of the Company subject to the approval of the members and such other approvals as may be required have re-appointed Mr. Pankaj Mital as Manager under section 269 of the Companies Act, 1956, designated as Chief Operating Officer of the Company w.e.f. 01.04.2008 for a period of three years.

Mr. Mital is a science graduate and a post graduate in management. He has been associated with the Company for the last 17 years and the Company has benefited immensely from his wide and varied experience.

The terms and conditions as to remuneration etc. as detailed hereunder.

1. Remuneration

   Salary of Rs. 2,50,100 per month in the range of Rs. 2,50,000 to Rs. 4,00,000 per month, increments being at the discretion of the Board. He will also be entitled to bonus as per rule of the Company.

2. Perquisites and allowances

   Category 'A'
   He will be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, medical reimbursement, leave travel concession for self and his family including dependants, other perquisites and amenities in accordance with the rules of the Company, subject to overall ceiling on remuneration prescribed under Sections 198 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

   Category 'B'
   He will be entitled to the Company's car and a mobile phone. Private long-distance call would be billed to the Manager.

3. Other Terms

   (a) The Manager will be entitled to the Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund, if any.

   (b) Payment of gratuity as per the policy of the Company.

   (c) Encashment of leave as per policy of the Company.

   (d) The aforesaid appointment may be terminated by either party giving three months notice in advance.

In the event of loss/inadequacy of profit, the aforesaid remuneration will be treated as minimum remuneration in terms of the provisions of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

4. Functions

The Manager shall discharge such functions as are delegated to him by the Board of Directors of the Company.

The Board recommends his re-appointment as Manager for the approval of members.

None of the Directors of the Company is concerned or interested in this resolution.

This may be treated as an abstract of the re-appointment and increase the remuneration of Mr. Pankaj Mital as 'Manager' under Companies Act, 1956, designated as Chief Operating Officer of the Company pursuant to section 302 of the Companies Act, 1956.

Item no. 7

M/s. Sumitomo Wiring Systems Ltd., Japan (SWS), a joint venture partner of your Company has nominated Mr. Toshihiro Watanabe on the Board of your Company. Therefore, Mr. Toshihiro Watanabe has been appointed as an Additional Director of the Company w.e.f. 02.06.2008.

In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 85 (2) of Articles of Association of the Company, he holds office up to the date of this Annual General Meeting.

The Company has received a notice from a member of the Company alongwith requisite fee under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Toshihiro Watanabe to the office of the Director.

The Board recommends the appointment of Mr. Toshihiro Watanabe as a Director of the Company.

Except Mr. Watanabe, none of the Directors is concerned or interested in this resolution.

Item no. 8

Since Mr. Akihiko Yamauchi has resigned from Whole-time Directorship of the Company w.e.f. 02.06.2008, upon his return to Japan, M/s. Sumitomo Wiring Systems Ltd., Japan (SWS), a joint venture partner of your Company has nominated Mr. Toshihiro Watanabe as a Whole-time Director, who will be responsible for day-to-day business and will work closely with SWS for providing support to the Company.

The brief profile of the Company as well as Mr. Toshihiro Watanabe as required under the Schedule – XIII of the Companies Act, 1956, are given hereunder:

The Company is the largest manufacture of Wiring Harness passenger car used in India and is an automotive ancillary. The financial performances of the Company are as under:

(Rs. in millions)

Financial parameters	As on 31.03.2006	As on 31.03.2007	As on 31.03.2008
Total income	8,013.60	10,997.07	13,478.39
Net profit	768.44	1,141.78	1,281.92
Dividend	270.12	352.33	479.99*
% of dividend	115%	150%	135%

* Proposed

The details of foreign exchange earnings for the last three financial years are as under:

(Rs. in millions)

Accounting year ending	31.03.2006	31.03.2007	31.03.2008
Earning in foreign exchange	1,541.14	2,111.01	2,526.34

The Company is Joint Venture Company in technical, financial participant from M/s. Sumitomo Wiring Systems Ltd., Japan (SWS).

Mr. Toshihiro Watanabe is a graduate in law. He has working experience of about 31 years at M/s. Sumitomo Wiring Systems Ltd. in Japan, in the fields of accounts, finance, planning and other related management areas.

Remuneration of Mr. Toshihiro Watanabe at M/s. Sumitomo Wiring Systems Ltd., Japan, for the last three years is as under:

Accounting year ending	31.03.2006	31.03.2007	31.03.2008
Total remuneration (in Yen)	1,00,00,000	1,10,00,000	1,20,00,000
Total remuneration (Rs. in Million)	4.059	4.465	4.871

The conversion of Yen into Indian Rupee, by using closing rate as on 02.06.2008 is Rs. 40.59/100 Yen.

The terms and conditions as to remuneration etc. as detailed hereunder:

1. Remuneration

   Salary Rs. 1,20,000 per month.

2. Perquisites and Allowances

   Category 'A'

   He will be entitled to perquisites and allowances like free accommodation (fully furnished), medical reimbursement, leave travel concession for self and his family, electricity, gas and water charges and all other perquisites and amenities in accordance with the rules of the Company, subject to overall ceiling on remuneration prescribed under Sections 198 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

   Category 'B'

   He will be entitled to Company's car with driver, a telephone at the residence and a mobile phone. Private long-distance call would be billed to the Whole-time Director.

3. Other Terms

   a. He will not be entitled to sitting fees for attending meetings of the Board or Committee(s) thereof.

   b. He will be liable to retire by rotation.

   c. The aforesaid appointment may be terminated by either party giving three months notice in advance.

   In the event of loss/inadequacy of profit, the aforesaid remuneration will be treated as minimum remuneration in terms of the provisions of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

4. Functions

   The Whole-time Director shall discharge such functions as are delegated to him by the Board of Directors of the Company.

Considering his experience in the field of accounts, finance, planning and other related management areas, the Board of Directors have appointed of Mr. Toshihiro Watanabe as a Whole-time Director of the Company for a period of three years w.e.f. 02.06.2008, subject to approval by the shareholders and Central Government. Since Mr. Watanabe is non resident Indian and doesn't comply with requirement of Part (I) (e) of Schedule XIII, the Company will make application to the Central Government relating to approval for appointment of Mr. Toshihiro Watanabe.

Besides the remuneration proposed, Mr. Watanabe does not have any other pecuniary relationship with the Company.

The Board recommends his appointment as a Whole-time Director for the approval of members.

None of the Directors of the Company except Mr. Watanabe is concerned or interested in this resolution.

This may be treated as an abstract of the appointment and payment of remuneration of Mr. Watanabe as a Whole-time Director of the Company pursuant to section 302 of the Companies Act, 1956.

By Order of the Board
for **Motherson Sumi Systems Limited**

G.N. Gauba
Vice President (Finance) & Company Secretary

Regd. office :
3rd Floor, Bhageria House,
43, Community Centre, New Friends Colony,
New Delhi – 110 025

Date: June 02, 2008
Place: Noida

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(Pursuant to clause 49 of the Listing Agreement)

Name of Director	Mr. M.S. Gujral	Mr. Arjun Puri	Mr. Toshihiro Watanabe
Date of Birth	11.06.1923	01.08.1956	27.07.1953
Date of appointment	12.12.1992	11.01.2006	02.06.2008
Experience in specific functional area	A Retd. Senior Govt. Officer with expertise in the fields of planning and other related management areas	Having experience in the field of planning, liasioning and other related management areas	Having experience in the field of accounting, finance, planning and other related management areas
Qualification	Post Graduate	Graduate in Economics (Hons.)	Graduate in Law
Directorship in other public ltd. companies	-Monnet Ispat Ltd. -Monnet Industries Ltd. -BESCO Ltd. -MothersonSumi Infotech & Designs Ltd.	-MothersonSumi Infotech & Designs Ltd.	-Visiocorp Motherson Ltd. -Motherson Pudenz Wickmann Ltd.
Member/Chairman of the Committee of the Board of the public limited companies on which he is Director	**Audit Committee** -Motherson Sumi Systems Ltd. (Chairman) -Motherson Sumi Infotech & Designs Ltd.(Chairman) - Monnet Ispat Ltd. - BESCO Ltd. **Shareholders/Investors' Grievance Committee** -Motherson Sumi Systems Ltd. (Chairman) -Motherson Sumi Infotech & Designs Ltd. (Chairman)	**Audit Committee** -Motherson Sumi Systems Ltd. -Motherson Sumi Infotech & Designs Ltd. **Shareholders/Investors' Grievance Committee** Nil	**Audit Committee** Nil **Shareholders/Investors' Grievance Committee** -Motherson Sumi Systems Ltd.

Details of shareholding/other convertible instruments of Non-Executive Directors of the Company
(Pursuant to clause 49 of the Listing Agreement)

Sl. No.	Name of Director	No. of equity shares	Other convertible Instruments
1.	Mr. V.C. Sehgal	1,49,43,982	Nil
2.	Mr. Toshimi Shirakawa	Nil	Nil
3.	Mr. M.S. Gujral	3,03,750	Nil
4.	Maj. Gen. Amarjit Singh (Retd.)	Nil	Nil
5.	Mr. Arjun Puri	Nil	Nil
6.	Mr. Hiroto Murai	Nil	Nil
7.	Mr. Bimal Dhar	45,000	Nil

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