Samvardhana Motherson Global Holdings Limited

Report and financial statements
31 March 2020

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Samvardhana Motherson Global Holdings Limited

Board of Directors and other officers

Board of Directors

Bimal Dhar (resigned 13 May 2019)
Vivek Chaand Sehgal
Militsa Symeou
Georgios Filippou
Maria Thrasyvoulou
Gautam Mukherjee (appointed 01 April 2019)

Company Secretary

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Building a better working world

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Independent Auditor's Report

To the Members of Samvardhana Motherson Global Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Samvardhana Motherson Global Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the "International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Katerina Mina
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 30 July 2020

Samvardhana Motherson Global Holdings Limited

Statement of comprehensive income
for the year ended 31 March 2020

	Note	**2020** **€**	2019 €
Administrative expenses	9	**(89.824)**	(81.921)
Other income	8	**9.433.856**	2.385.040
Operating profit		**9.344.032**	2.303.119
Finance costs	10	**(9.164.049)**	(2.957.155)
Profit/(Loss) before tax		**179.983**	(654.036)
Income tax expense	11	**(28.268)**	-
Profit/(Loss) and other comprehensive profit/(loss) for the year		**151.715**	(654.036)

The notes on pages 8 to 33 are an integral part of these financial statements.

Samvardhana Motherson Global Holdings Limited

Statement of financial position
at 31 March 2020

	Note	2020 €	2019 €
Assets			
Non-current assets			
Investment in subsidiaries	12	**898.950.759**	898.950.759
Financial assets at amortised cost	13	**159.734.190**	152.384.520
		1.058.684.949	1.051.335.279
Current assets			
Financial assets at amortised cost	13	**200.000**	-
Cash and cash equivalents	14	**483.642**	467.058
		683.642	467.058
Total assets		**1.059.368.591**	1.051.802.337
Equity and liabilities			
Capital and reserves			
Share capital - ordinary shares	15	**2.002.380**	2.002.380
Share capital - preference shares	15	**10.000**	10.000
Share premium	15	**30.195.620**	30.195.620
Capital contribution reserve	16	**862.153.980**	862.153.980
Accumulated losses		**(4.803.538)**	(4.955.253)
		889.558.442	889.406.727
Non-current liabilities			
Borrowings	17	**169.558.980**	152.781.627
Current liabilities			
Payables	18	**229.286**	11.593
Current income tax liabilities		**21.883**	8.860
Borrowings	17	**-**	9.593.530
		251.169	9.613.983
Total liabilities		**169.810.149**	162.395.610
Total equity and liabilities		**1.059.368.591**	1.051.802.337

On 30 July 2020 the Board of Directors of Samvardhana Motherson Global Holdings Limited authorised these financial statements for issue.

Militsa Symeou, Director

Georgios Filippou, Director

The notes on pages 8 to 33 are an integral part of these financial statements.

Samvardhana Motherson Global Holdings Limited

Statement of changes in equity
for the year ended 31 March 2020

	Note	Share capital - ordinary shares €	Share capital - preference shares €	Share premium €	Capital contribution reserve €	Accumulated losses €	Total €
Balance at 1 April 2018		2.002.380	10.000	30.195.620	862.153.980	(4.301.217)	890.060.763
Comprehensive loss							
Loss for the year		-	-	-	-	(654.036)	(654.036)
Transactions with owners							
Balance at 31 March 2019/1 April 2019		2.002.380	10.000	30.195.620	862.153.980	(4.955.253)	889.406.727
Comprehensive income							
Profit for the year		-	-	-	-	151.715	151.715
Balance at 31 March 2020		2.002.380	10.000	30.195.620	862.153.980	(4.803.538)	889.558.442

The notes on pages 8 to 33 are an integral part of these financial statements.

Share premium reserve is not available for distribution.

Samvardhana Motherson Global Holdings Limited

Statement of cash flows
for the year ended 31 March 2020

	Note	2020 €	2019 €
Cash flows from operating activities			
Profit/(Loss) before tax		**179.983**	(654.036)
Adjustments for:			
Interest income	8	**(9.433.856)**	(2.384.520)
Interest expense	10	**9.057.632**	2.556.816
Foreign exchange losses/(gains) on borrowings from related parties		**(44.703)**	401.120
		(240.944)	(80.620)
Changes in working capital:			
Payables		**217.691**	(3.527)
Receivables		**(200.000)**	-
Cash used in operations		**(223.253)**	(84.147)
Income tax paid		**(15.245)**	-
Net cash used in operating activities		**(238.498)**	(84.147)
Cash flows from investing activities			
Loans granted to related parties	21(iv)	**(21.420.000)**	-
Loan repayments received from related parties	21(iv)	**91.397.885**	-
Interest received		**2.118.835**	-
Net cash from investing activities		**72.096.720**	-
Cash flows from financing activities			
Proceeds from borrowings from shareholders		**6.440.000**	-
Proceeds from borrowings from associate of the group	21(iii)	**14.980.000**	77.025.000
Loans granted to related parties	21(iv)	**(33.670.000)**	(76.500.000)
Repayment of borrowings to associate of the group		**(57.580.668)**	-
Interest paid		**(2.010.970)**	-
Net cash (used in)/from financing activities		**(71.841.638)**	525.000
Net increase in cash and cash equivalents		**16.584**	440.853
Cash and cash equivalents at beginning of year		**467.058**	26.205
Cash and cash equivalents at end of year	14	**483.642**	467.058

The principal non-cash transactions are described in Note 14.

The notes on pages 8 to 33 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Themistocles Dervis Street, Julia House, CY-1066 Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2019 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company, Motherson Sumi Systems Limited, publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2020. A copy of the consolidated financial statements of Motherson Sumi Systems Limited is available at the Company's website, www.motherson.com, or at their registered office at Unit 705, C Wing, One Bkc, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051, Maharashtra, India.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

2 Basis of preparation (continued)

Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. The Company had net current assets at 31 March 2020, its financial obligations are primarily with its shareholder and commonly controlled entity.

The shareholders have undertaken to provide the Company, if necessary, with financial and other support so as to enable the Company to conduct its operations and meet its obligations as they become due, as well as not to call for repayment any amounts due until the Company has adequate funds to repay them. The Directors therefore consider that the Company will continue as a going concern and that the financial statements are appropriately prepared on a going concern basis.

3 Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 April 2019. This adoption did not have a material effect on the accounting policies of the Company.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4 Summary of significant accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Financial assets

Financial assets - Classification

The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Company classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Company’s financial assets at amortised cost comprise of receivables from related parties, loans to related parties and cash and cash equivalents on the balance sheet.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. The Company's financial assets measured at amortised cost (AC) comprise: cash and cash equivalents and financial assets at amortised cost.

Financial assets – impairment – credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within ‘net impairment losses on financial assets’.

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets – impairment – credit loss allowance for ECL (continued)

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets – modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Classification as cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC because they are held for collection of contractual cash flows and those cash flows represent SPPI.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Interest income

Interest income oπ financial assets at amortis,ed cost calculated using the effective interest method is recognised íπ the income statement as "other income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets - stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for stage 1 and stage 2 - gross amount of financial assets.

4 Summary of significant accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IFRS9, 'Financial Instruments Recognition and Measurement'.

4 Summary of significant accounting policies (continued)

Share capital, share premium and preference share capital

Ordinary shares are classified as equity. Preference shares which carry discretionary dividends and are redeemable at the option of the company are classified as equity.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

6 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

Foreign exchange risk

Exposure

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The exposure of the Company to foreign exchange risk is mainly due to the Company's borrowings that are denominated in US Dollars (Note 17).

Sensitivity

At 31 March 2020, if the Euro had weakened /strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been €504.883 (2019: €471.517) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated borrowings.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Cash flow and fair value interest rate risk

Exposure

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market interest rates.

Sensitivity

At 31 March 2020, if interest rates on Euro-denominated borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been €694.098 (2019: €234.921) lower/higher, as a result of higher/lower interest expense on floating rate Euro-denominated borrowings.

At 31 March 2020, if interest rates on US dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been €214.258 (2019: €21.218) lower/higher, as a result of higher/lower interest expense on floating rate US dollar-denominated borrowings.

The Company is also exposed to interest rate risk from its interest-bearing assets. The Company's loan receivable carry fixed interest rates and are consequently not subject to cash flow interest rate risk. The Company is exposed to cash flow interest rate risk in relation to its cash and cash equivalents which carry floating interest rates. Due to the nominal rates earned on the Company's bank balances the management assessed that any sensitivity analysis to demonstrate the impact of changes in interest rates on the Company's results would be insignificant.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the balance sheet. Credit risk arises from cash and cash equivalents and loans receivables. The Company has a significant concentration of credit risk as at the statement of financial position date in relation to the loans receivables and cash and cash equivalents which are held with a single bank. There were no defaults in the past from related parties with whom there are outstanding trade receivables.

(i) Risk management

The Company does not have formal policies and procedures for managing and monitoring credit risk.

(ii) Impairment of financial assets

The Company has seven types of financial assets/instuments that are subject to the expected credit loss model:

- financial assets at amortised cost (loan to subsidiary and other receivables)
- cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For all financial assets that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Company identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Significant increase in credit risk. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower/counterparty.

Low credit risk. The Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

Default. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. also the Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Financial assets at amortised cost

The Company assesses, on an individual basis, its exposure to credit risk arising from financial assets at amortised cost. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is past due and history of defaults in the past, adjusted for forward looking information. The Company uses three categories for loans receivables and cash and cash equivalents, which reflect their credit risk and how the loss provision is determined for each of those categories if any.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised.

The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 March 2020 and 31 March 2019.

Loans to related parties

Company internal credit rating	**2020** **€**	2019 €
Performing	**159.734.190**	152.384.520
Total loans to related parties	**159.734.190**	152.384.520

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Receivables from related parties

Company internal credit rating	2020 €	2019 €
Performing	**200.000**	-
Total receivables from related parties	**200.000**	-

Cash and cash equivalents

	External credit rating	2020 €	2019 €
Performing	**B3**	483.642	-
Performing	**Caa1**	-	467.058
Total cash at bank		483.642	467.058

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 March 2019				
Borrowings	9.872.591	560	25.284	214.060.283
Payables	11.594	-	-	-
	9.884.185	560	25.284	214.060.283

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 March 2020				
Borrowings	**2.360.602**	**8.241.819**	**-**	**204.275.253**
Payables	**229.286**	**-**	**-**	**-**
	2.589.888	**8.241.819**	**-**	**204.275.253**

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

6 Financial risk management (continued)

(ii) Capital risk management (continued)

The gearing ratios at 31 March 2020 and 2019 were as follows:

	2020	2019
	€	€
Total borrowings (Note 17)	**169.558.982**	162.375.157
Less: cash and cash equivalents (Note 14)	**(483.642)**	(467.058)
Net debt	**169.075.340**	161.908.099
Total equity	**889.558.442**	889.406.727
Total capital as defined by management	**1.058.633.782**	1.051.314.826
Gearing ratio	**16%**	15%

(iii) Fair value estimation

The carrying amounts of payables approximate their fair values due to their short term nature. The carrying amounts of borrowings also approximate their fair values as they carry contractual rates by reference to market-based indices (Euribor/Libor - Note 17).

7 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

- **Impairment of financial assets at amortised cost**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Note 6 Credit risk section.

- **Initial recognition of related party transactions**

  In the normal course of business the Company enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. The terms of related parties borrowings and balances are disclosed in Notes 17 and 21.

7 Critical accounting estimates and judgements (continued)

- **Impairment of investment in subsidiary**

The Company has initially recognised its investment in subsidiary during 2015, Samvardhana Motherson Automotive Systems Group B.V, using the fair value of the new shares acquired as determined by external valuations performed by an independent party (Note 12). The management assessed that as the aforesaid transaction resulted from a broader group reorganisation any gain arising thereon should be recorded in equity in line with the Company's relevant accounting policy pertaining to transactions with owners/subsidiaries.

Furthermore, the Company follows the guidance of IAS 36 in determining when an investment is impaired. The management evaluates at each reporting date whether an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the management evaluates, among other factors, the duration and extent to which the recoverable amount/fair value of an investment is less than its cost, whether the recoverable amount of an investment is less than its carrying amount and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology, operational and financing cash flow, business plans and cash flow forecasts.

Due to the inherent uncertainties entailed in the nature of operations and activities of the Company's investee the impairment assessment involves a high degree of judgement and subjectivity. The management assessed that no impairment provisions are necessary in relation to its investment in subsidiary based on a review of the financial position of the subsidiary as well as on a reassessment of the assumptions used in the valuation performed at initial recognition, which the management determined they remained relevant and that there were no adverse developments in the year to warrant any downward revision in them.

8 Other income

	2020	2019
	€	€
Other income	**-**	520
Interest income from loans to subsidiary (Note 21(iv))	**9.433.856**	2.384.520
	9.433.856	2.385.040

9 Administrative expenses

	2020 €	2019 €
Directors' remuneration	**850**	850
Accounting and administration expenses	**57.800**	49.280
Auditor's remuneration - current year	**7.140**	7.900
Auditor's remuneration - prior period	**-**	1.781
Secretarial fees	**340**	340
Bank signatories fees	**500**	170
Bank charges	**9.731**	8.182
Non-recoverable VAT	**11.492**	10.246
Other expenses	**1.971**	3.172
Total administrative expenses	**89.824**	81.921

10 Finance costs

	2020 €	2019 €
Interest expense:		
Borrowings from related entities (Note 21(iii))	**9.057.632**	2.556.816
Net foreign exchange loss	**106.417**	400.339
Total finance costs	**9.164.049**	2.957.155

11 Income tax expense

	2020 €	2019 €
Current tax:		
Corporation tax	**28.268**	-
Income tax expense	**28.268**	-

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2020 €	2019 €
Profit/(loss) before tax	**179.983**	(654.036)
Tax calculated at the applicable corporation tax rate of 12,5%	**22.498**	(81.755)
Tax effect of expenses not deductible for tax purposes	**57.533**	90.415
Tax effect of allowances and income not subject to tax	**-**	(65)
Tax effect of tax losses carried forward for which no deferred tax asset has been recognised	**(52.951)**	(8.595)
Additional tax	**1.188**	-
Income tax charge	**28.268**	-

The Company is subject to income tax on taxable profits at the rate of 12,5%, as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

Under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate 30%.

11 Income tax expense (continued)

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 17%. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

12 Investment in subsidiaries

	2020 **€**	2019 €
At beginning of year	**898.950.759**	898.950.759
At end of year	**898.950.759**	898.950.759

The Company's investments in subsidiaries, which are unlisted, are as follows:

Name	**Principal activity**	**Country of incorporation**	**2020 % holding**	**2019 % holding**
Samvardhana Motherson Automotive Systems Group B.V (SMRPBV)	Investment holding	Netherlands	69	69
SMP Deutschland GmbH	Investment holding	Germany	5,2	5,2
SM Real Estate GmbH	Investment holding	Germany	5,2	5,2

The wholly owned subsidiary of SMRPBV, namely Samvardhana Motherson Peguform GmbH, owns 94,8% of SMP Deutschland GmbH. Therefore, the Company indirectly controls SMP Deutschland GmbH and therefore it has been classified as a subsidiary. The direct shareholding of the Company was 5.2% as at 31 March 2019 and 31 March 2020.

The wholly owned subsidiary of SMRPBV, namely Samvardhana Motherson Peguform GmbH, owns 100% of SMP Automotive Exterior GmbH which in turn owns 94,8% of SM Real Estate GmbH. Therefore, the Company indirectly controls SM Real Estate GmbH and therefore for the year ended 31 March 2018, it has been reclassified as a subsidiary instead of an available-for-sale investment. The direct shareholding of the Company was 5.2% as at 31 March 2019 and as at 31 March 2020.

The investment in SMP Deutschland Gmbh with carrying value €5.483.220 (2019: €5.483.220), is pledged as security in relation to the issue of senior secured notes issued by Samvardhana Motherson Automotive Systems Group BV (SMRPBV) as well as in relation to various bank loans obtained by SMRPBV.

12 Investment in subsidiaries (continued)

Senior Secured Notes ("Notes")

SMRPBV Notes are structured as senior secured obligations and rank ‘pari passu’ in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility. The Notes are guaranteed on a senior secured basis by certain subsidiaries of SMRP BV and are secured by share pledge and security interests granted over certain property and assets of SMRP BV and certain of its subsidiaries. As of 31 March 2020, SMRP BV has issued below mentioned notes which were outstanding on the date referred:

Principal amount	Coupon rate (fixed)	Maturity
€100 million	3.700%	18 June 2025
US$400 million	4.875%	16 December 2021
€300 million	1.800%	06 July 2024

Bank Loans

During the year ended 31 March 2019, the SMRPBV entered into a term loan facility agreement for US$60 million for a period of 59 months maturing August 2023. The term loan is senior secured obligation and rank ‘pari passu’ in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility and the Notes and carry the same security structure as existing Notes and Revolving Credit Facility. This facility is fully utilised as of 31 March 2020 and 31 March 2019.

13 Financial assets

(a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2020	2019
	€	€
Non-Current		
Loan to subsidiary (Note 21(iv))	**159.734.190**	152.384.520
Total non-current	**159.734.190**	152.384.520
Current		
Receivables from subsidiary (Note 21(ii))	**200.000**	-
Total current	**200.000**	-

On 20 December 2018, the Company entered into a Loan Agreement with Samvardhana Motherson Automotive Systems Group B.V. for the principal amount of €150.000.000. Interest was calculated on the principal amount of the loan at a fixed rate of 5,99%. The loan including all accrued interest is repayable on 19 June 2026. On 20 March 2020, the Company entered into an Amendment Agreement to change the interest rate to 5.13% effective as of 20 December 2018. On 17 March 2020 the principal amount of €73.500.000 was received. During March 2020 an additional amount of €73.500.000 was drawn down.

13 Financial assets (continued)

Financial assets at amortised cost (continued)

On 24 September 2019, the Company entered into a Loan Agreement with Samvardhana Motherson Automotive Systems Group B.V. for the principal amount of $100.000.000. Interest is calculated on the principal amount of the loan at a fixed rate of 5,13%. The loan including all accrued interest was repayable on 19 June 2026. On 28 February 2020, the principal amount of $100.000.000 and interest charge of $2.318.254 was settled.

The carrying amounts of the Company's financial assets at amortised cost are denominated in Euro.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Company does not hold any collateral as security.

Note 6 sets out information about the impairment of financial assets and the company's exposure to credit risk.

14 Cash and cash equivalents

	2020	2019
	€	€
Cash at bank	**483.642**	467.058

Cash and cash equivalents are denominated in the following currencies:

	2020	2019
	€	€
Euro - functional and presentation currency	**282.337**	464.112
US Dollar	**201.305**	2.946
	483.642	467.058

Cash at bank are held with a bank with a credit rating of B3 (2019: Caa1) according to Moody's.

Non cash transactions

31 March 2019

Borrowings from Samvardhana Motherson Holding (M) Private Limited for the amount of €73.500.000 were transferred directly to Samvardhana Motherson Automotive Systems Group B.V. on behalf of the Company, under the loan agreements between the Company and these parties dated 20 December 2018.

31 March 2020

Borrowings from Samvardhana Motherson Holding (M) Private Limited for the amount of $30.000.000 were transferred directly to Samvardhana Motherson Automotive Systems Group B.V. on behalf of the Company, under the loan agreements between the Company and these parties dated 19 September 2019.

14 Cash and cash equivalents (continued)

Borrowings from MSSL Mideast (FZE) Limited for the amount of $19.000.000 were transferred directly to Samvardhana Motherson Automotive Systems Group B.V. on behalf of the Company, under the loan agreements between the Company and these parties dated 24 September 2019.

Borrowings from MSSL Mideast (FZE) Limited for the amount of €16.300.000 were transferred directly to MSSL Mauritius Holdings Limited on behalf of the Company, under the loan agreements between the Company and these parties dated 2 January 2020.

Borrowings from Samvardhana Motherson Holding (M) Private Limited for the amount of €25.500.000 were transferred directly to Samvardhana Motherson Automotive Systems Group B.V. on behalf of the Company, under the loan agreements between the Company and these parties dated 27 March 2020.

Borrowings from MSSL Mideast (FZE) Limited for the amount of €48.000.000 were transferred directly to Samvardhana Motherson Automotive Systems Group B.V. on behalf of the Company, under the loan agreements between the Company and MSSL Mideast (FZE) dated 30 March 2020 and Samvardhana Motherson Automotive Systems Group B.V dated 20 December 2018.

15 Share capital and share premium

	Share capital - ordinary shares €	Share capital - preference shares €	Share premium €	Total €
At 01 April 2019 / 31 March 2020	2.002.380	10.000	30.195.620	32.208.000

On 13 February 2009 the authorised share capital of the Company of €10.000 consisting of 10 000 ordinary shares of €1 each, was increased to €2.000.000 divided into 2 000 000 ordinary shares of €1 each.

On 30 April 2009, the Company issued 1 998 000 additional shares of nominal value of €1 each at premium of €14,033033 each (total value of €28.038.000).

On 25 February 2010 the Company decided to reduce its share premium account by €1.400.000 to €26.638.000. The relevant court approval was obtained on 29 March 2010.

On 30 March 2010 the Company increased its authorised share capital from €2.000.000 to €2.010.000 divided into 2 000 000 Class A Ordinary shares of €1 each and 10 000 Class B preference shares of €1 each.

On the same date the Company capitalised its share premium as payment for the issue of 10 000 Class B preference shares of €1 each as bonus shares at a premium of €2.662,8 each.

Class B preference shares are Zero Coupon Redeemable Preference Shares. The shares are redeemable at the option of the Company after the expiry of three years (30 March 2013) and the redemption shall be at a premium of 5% or at such premium as to be determined by the Company.

On 18 January 2016 the Company increased its authorised share capital from €2.010.000 to €2.020.000 divided into 2 010 000 Class A Ordinary shares of €1 each and 10 000 Class B preference shares of €1 each.

15 Share capital and share premium (continued)

On 15 March 2016 the Company issued 2 347 additional Class A Ordinary shares of nominal value of €1 each at premium of €1.499 each (total value of €3.520.500).

On 16 February 2018 the Company issued 33 unissued Class A Ordinary shares of nominal value of €1 each at a premium of EUR 1.499,00 each (total value of €49.500).

16 Capital contribution reserve

	€
At 31 March 2019 / 31 March 2020	862.153.980

The capital contribution reserve resulted from the sale agreement of SMR Jersey, dated 12 June 2014, where the Company transferred its shareholding in SMR Jersey to Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) in exchange for 45.676 shares in SMRPBV. The difference between the consideration received and the carrying amount of SMR Jersey was recognised as a capital contribution reserve since the transaction falls under the "transfers under common control" rules.

17 Borrowings

	2020	2019
	€	€
Current		
Borrowings from related entities - parent entities (Note 21(iii)	**-**	4.940.466
Borrowings from related entities - associate of the Group (Note 21(iii)	**-**	4.653.064
Non-current		
Borrowings from related entities - parent entities (Note 21(iii)	**54.918.988**	109.584.135
Borrowings from related entities - associate of the Group (Note 21(iii)	**114.639.994**	43.197.492
Maturity of non-current borrowings		
Between 1 and 2 years	**10.043.583**	-
Between 2 and 5 years	**-**	25.000
Over 5 years	**159.515.399**	152.756.627

<u>Borrowings from related parties</u>

<u>The Company's outstanding borrowings with MSSL Mideast (FZE) Ltd (associate) as of the year end have the following terms:</u>

The amount of €250.000 was advanced during 2014 in relation to the agreement entered in 14 April 2014 with MSSL Mideast (FZE) (associate) with a maximum facility of €12,25 million. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was repayable on 30 June 2019 and was subsequently extended to 30 June 2021.

Furthermore, in July 2014 MSSL Mideast (FZE) transferred on behalf of the Company the amount of US$5.426.194 for the full settlement of the bank borrowings with ICICI Bank Standard Chartered Bank. The new balance with MSSL Mideast (FZE) bears interest of Libor plus 350 basis points, is denominated in USD. The loan was repayable on 31 March 2020 and was subsequently extended to 31 March 2022. During 2016 an amount of US$1.500.000 was repaid in relation to the above agreement. As at 31 March 2020 the carrying amount of the above loan is US$5.118.239 (EUR4.657.598) (2019: US$4.884.776 (EUR4.347.451)).

17 Borrowings (continued)

On 8 March 2018, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €25.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was repayable on 30 June 2019 and was subsequently extended to 30 June 2021.

On 28 June 2018, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €25.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan is repayable on 30 September 2021.

On 20 December 2018, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €42.500.000. Interest is calculated on the principal amount of the loan at a fixed rate of 5,64%. The loan including all accrued interest is repayable on 19 June 2026. On 31 March 2020, the Company entered into an Amendment Agreement to change the interest rate to 4,78%.

On 23 September 2019, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of $44.000.000. Interest is calculated on the principal amount of the loan at a fixed rate of 4,78%. The loan including all accrued interest was repayable on 19 June 2026. On 29 February 2020, the loan principal and interest charge of $928.913 were fully repaid.

On 24 September 2019, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of $19.000.000. Interest is calculated on the principal amount of the loan at a fixed rate of 4,78%. The loan including all accrued interest was repayable on 19 June 2026. On 29 February 2020, the loan principal and interest charge of $396.076 were repaid.

On 2 January 2020, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €20.000.000, out of which €16.300.000 were drawn down during the year. Interest is calculated on the principal amount of the loan at a fixed rate of 4,78%. The loan including all accrued interest is repayable on 19 June 2026.

On 30 March 2020, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €73.500.000. During the year, the amount of €48.000.000 was obtained. Interest is calculated on the principal amount of the loan at a fixed rate of 4,78%. The loan including all accrued interest is repayable on 19 June 2026.

<u>The Company's outstanding borrowings with MSSL Mauritius Holdings Ltd (parent entity) as of the year end have the following terms:</u>

Loan agreement entered into on 21 June 2011 for the principal amount of €100.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 30 September 2016 but was subsequently extended until 30 September 2021.

Loan agreement entered into on 7 September 2011 for the principal amount of €3.500.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 31 October 2016 but was subsequently extended to 31 October 2021.

17 Borrowings (continued)

Loan agreement entered into on 5 August 2013 for the principal amount of €150.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayble on 31 December 2016 but was subsequently extended to 31 December 2021.

Loan agreement entered into on 10 February 2013 for the principal amount of US$170.000. Interest is calculated on the principal amount of the loan at the rate of LIBOR plus 250 basis points. The loan was initially repayble on 31 March 2018 but was subsequently extended to 31 March 2022.

Loan agreement entered into on 13 May 2013 for the principal amount of US$170.000. Interest is calculated on the principal amount of the loan at the rate of LIBOR plus 250 basis points. The loan was initially repayable on 31 December 2016 but was subsequently extended to 31 December 2021.

Loan agreement entered into on 22 June 2016 for the principal amount of €50.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 31 May 2017 but was subsequently extended to 31 May 2021.

On 20 December 2018, the Company entered into a Loan Agreement with MSSL Mauritius Holdings Ltd for the principal amount of €40.000.000, out of which €34.500.000 were drawn down during the year ended 31 March 2020. Interest is calculated on the principal amount of the loan at a fixed rate of 5,64%. The loan including all accrued interest is repayable on 19 June 2026. On 31 March 2020, the Company entered into an Amendment Agreement to change the interest rate to 4,78% effective as of 20 December 2018. On 5 January 2020, the amount of €16.300.000 was repaid.

On 24 September 2019, the Company entered into a Loan Agreement with MSSL Mauritius Holdings Ltd for the principal amount of $7.000.000. Interest is calculated on the principal amount of the loan at a fixed rate of 4,78%. The loan including all accrued interest is repayable on 19 June 2026. On 28 February 2020, the loan principal and interest charge of $145.923 were repaid.

<u>The Company's outstanding borrowings with Samvardhana Motherson Holding (M) Private Ltd (parent entity) as of the year end have the following terms:</u>

On 20 December 2018, the Company entered into a Loan Agreement with Samvardhana Motherson Holding (M) Private Ltd for the principal amount of €75.000.000 out of which €73.500.000 were drawn down during the year ended 31 March 2019. Interest is calculated on the principal amount of the loan at a fixed rate of 5,64%. The loan including all accrued interest is repayable on 19 June 2026. On 31 March 2020, the Company entered into an Amendment Agreement to change the interest rate to 4,78% effective as of 20 December 2018. On 16 March 2020, the loan principal amount of €73.500.000 was repaid. The interest payable of €4.301.801 is outstanding.

On 19 September 2019, the Company entered into a Loan Agreement with Samvardhana Motherson Holding (M) Private Ltd for the principal amount of $49.000.000, out of which $30.000.000 were drawn down during the year. Interest is calculated on the principal amount of the loan at a fixed rate of 4,78%. The loan including all accrued interest is repayable on 19 September 2026. On 28 February 2020, the loan principal amount of $30.000.000 and interest payable of $633.350 were repaid.

17 Borrowings (continued)

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2020	2019
	€	€
Euro - functional and presentation currency	**164.510.147**	157.659.986
US Dollar	**5.048.833**	4.715.170

18 Payables

	2020	2019
	€	€
Payables to associate of the Group (Note 21(ii))	**200.000**	-
Payables to related parties (Note 21(ii))	**500**	500
Other payables and accruals	**28.786**	11.093
Total financial payables within payables at amortised cost	**229.286**	11.593
Trade and other payables	**229.286**	11.593

The fair value of payables which are due within one year approximates their carrying amount at the reporting date.

The carrying amounts of the Company's payables are denominated in Euro.

19 Contingencies

The Company had no contingent liabilities as at 31 March 2020 and 2019.

20 Commitments

The Company had no capital or other commitments as at 31 March 2020 and 2019.

21 Related party transactions

The Company is controlled by MSSL Mauritius Holdings Limited, incorporated in Mauritius, which owns 51% of the Company's shares. Samvardhana Motherson Holdings (M) Private Limited, incorporated in Mauritius, owns the remaining 49% of the shares. The Company's ultimate controlling party is Motherson Sumi Systems Limited (100% shareholder of MSSL Mauritius Holdings Limited), which is incorporated in India and listed in the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

(i) Directors' remuneration

The total remuneration of the Directors was as follows:

	2020	2019
	€	€
Fees	**850**	850

21 Related party transactions (continued)

(ii) Year-end balances with related parties

	2020 €	2019 €
Receivables from related parties (Note 13):		
Receivables from subsidiary	**200.000**	-
Payables to related parties (Note 18):		
Samvardhana Motherson Holding (M) Private Limited - shareholder	**500**	500
Payable to associate of the group	**200.000**	-
	200.500	500

The balance payable to associate of the group bear no interest.

(iii) Borrowings from related parties

	2020 €	2019 €
Borrowings from shareholders:		
At beginning of year	**114.524.601**	4.808.063
Borrowings advanced during year	**59.540.000**	108.000.000
Repayment during the year	**(124.269.958)**	-
Interest charged (Note 10)	**5.477.250**	1.685.151
Foreign exchange loss/(gain)	**(352.904)**	31.387
At end of year (Note 17)	**54.918.989**	114.524.601
Borrowings from associate of the Group:		
At beginning of year	**47.850.556**	4.084.154
Borrowings advanced during year	**122.260.000**	42.525.000
Foreign exchange loss/(gain)	**(259.265)**	369.737
Interest charged (Note 10)	**3.580.383**	871.665
Repayment during the year	**(58.791.680)**	-
At end of year (Note 17)	**114.639.994**	47.850.556

The terms of borrowings with related parties are disclosed in Note 18.

(iv) Loans to related parties

	2020 €	2019 €
Loan to subsidiary:		
At beginning of year	**152.384.520**	-
Loans advanced during year	**165.500.000**	150.000.000
Interest charged (Note 8)	**9.433.856**	2.384.520
Repaid during the year	**(167.016.720)**	-
Foreign exchange (loss)/gain	**(567.466)**	-
At end of year	**159.734.190**	152.384.520

(v) Share pledges

As at 31 March 2020, 2019, 2018, 2017, 2016 and 2015, the Company's shares in an investee are pledged in favour of commonly controlled entities (Note 12). No loss is expected by the management of the Company in relation to the existing pledge agreements with related parties due to the borrowers' compliance with the relevant loan terms.

22 Events after the reporting date

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 March 2020. Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company’s profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for additional measures in case the period of disruption becomes prolonged.

There were no other material events after the reporting date, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 2 to 3.