

Im Hinblick auf die Anforderungen von § 322 Abs. 7 HGB tritt die elektronische Fassung nicht an die Stelle, sondern neben die Papierfassung im Sinne einer elektronischen Kopie.

Considering the requirements of Sec. 322 (7) HGB, the electronic version does not replace the hardcopy but is prepared in addition to it and is an electronic copy thereof.

SMR Automotive Mirrors Stuttgart GmbH Stuttgart

Short-form audit report
Annual financial statements and management report
31 March 2019

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

Table of contents

Auditor's report

Financial reporting

Engagement Terms, Liability and Conditions of Use

General Engagement Terms

Note:

We have issued the auditor's report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for disclosure in the Bundesanzeiger [German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the auditor's report or the attestation report thereon are intended for this purpose.



Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

Independent auditor's report

To SMR Automotive Mirrors Stuttgart GmbH

Opinions

We have audited the annual financial statements of SMR Automotive Mirrors Stuttgart GmbH, Stuttgart, which comprise the balance sheet as of 31 March 2019, and the income statement for the fiscal year from 1 April 2018 to 31 March 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of SMR Automotive Mirrors Stuttgart GmbH for the fiscal year from 1 April 2018 to 31 March 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Company as of 31 March 2019 and of its financial performance for the fiscal year from 1 April 2018 to 31 March 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.



Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are



Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective 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 be able to continue as a going concern.



Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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.

Stuttgart, 19 August 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Göhner
Wirtschaftsprüfer
[German Public Auditor]

Filev
Wirtschaftsprüfer
[German Public Auditor]

SMR Automotive Mirrors Stuttgart GmbH, Stuttgart
Balance sheet as of 31 March 2019

Assets	EUR	EUR	31 Mar 2018 EUR k	Equity and liabilities	EUR	EUR	31 Mar 2018 EUR k
A. Fixed assets				A. Equity			
I. Intangible assets				Subscribed capital		25,000.00	25
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	1,969,888.55		2,262	B. Provisions			
		1,969,888.55	2,262	1. Provisions for pensions and similar obligations	2,263,769.00		2,014
II. Property, plant and equipment				2. Other provisions	1,500,892.76		1,835
1. Plant and machinery	46,505.79		85			3,764,661.76	3,849
2. Other equipment, furniture and fixtures	995,108.25		1,008	C. Liabilities			
3. Prepayments and assets under construction	866,710.14		218	1. Trade payables	1,683,747.82		2,042
		1,908,324.18	1,311	2. Liabilities to affiliates	15,862,633.67		21,295
III. Financial assets				3. Other liabilities	491,761.99		263
Shares in affiliates	1,100,001.00		100			18,038,143.48	23,600
		1,100,001.00	100				
		4,978,213.73	3,672				
B. Current assets							
I. Receivables and other assets							
1. Trade receivables	777,990.06		1,102				
2. Receivables from affiliates	15,011,816.50		21,855				
3. Other assets	750,827.13		521				
		16,540,633.69	23,478				
II. Cash on hand, bank balances and checks		23,225.09	83				
		16,563,858.78	23,561				
C. Prepaid expenses		285,732.73	168				
D. Excess of covering assets over pension and similar obligations		0.00	73				
	21,827,805.24		27,474		21,827,805.24		27,474

SMR Automotive Mirrors Stuttgart GmbH, Stuttgart
Income statement for the fiscal year from 1 April 2018 to 31 March 2019

	EUR	EUR	Prior year EUR k
1. Revenue	44,992,570.23		44,484
2. Other operating income	<u>678,063.86</u>		<u>1,911</u>
		45,670,634.09	<u>46,395</u>
3. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	11,758.49		241
b) Cost of purchased services	16,984,497.18		15,264
4. Personnel expenses			
a) Wages and salaries	14,184,523.94		15,489
b) costs	2,015,980.53		2,131
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	1,121,208.84		768
6. Other operating expenses	<u>11,235,860.86</u>		<u>10,282</u>
		45,553,829.84	<u>44,175</u>
7. Income from equity investments	6,765,649.94		10,912
8. Other interest and similar income	7,757.40		0
9. Interest and similar expenses	<u>934,086.03</u>		<u>463</u>
		<u>5,839,321.31</u>	<u>10,449</u>
10. Earnings after taxes		5,956,125.56	12,668
11. Profit transferred on account of a profit and loss transfer agreement		<u>5,956,125.56</u>	<u>12,668</u>
12. Net income/net loss for the year		<u>0.00</u>	<u>0</u>

SMR Automotive Mirrors Stuttgart GmbH, Stuttgart

Notes to the financial statements for fiscal year 2018/19

General

These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB [“Handelsgesetzbuch”: German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. The Company is subject to the requirements for large corporations.

The income statement is classified using the nature of expense method.

In order to improve the clarity of presentation, we have included the prescribed disclosures on individual items of the balance sheet or the income statement in the notes to the financial statements exercising the option set out in Sec. 284 (1) HGB.

Disclosures relating to identification

SMR Automotive Mirrors Stuttgart GmbH has its registered offices in Stuttgart. The Company is entered in the commercial register of Stuttgart local court under HRB no. 265162.

Accounting policies

The following accounting policies, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements:

Intangible assets purchased from third parties and **property, plant and equipment** are recognized at acquisition or production cost and are amortized/depreciated over their useful lives using the straight-line method.

For the measurement of depreciation or amortization, acquisition or production costs are distributed over the fiscal years in which the asset is expected to be used.

Additions to moveable fixed assets are depreciated on a month-by-month basis starting in the month of acquisition.

Low-value assets with acquisition or production costs not exceeding EUR 250.00 were recognized as expenses. Assets with acquisition or production costs between EUR 250.00 and EUR 1,000.00 are recognized annually in a collective item. The annual collective items are depreciated by 20% p.a. in the year of acquisition and in each of the following four years.

Shares in affiliates are valued at the lower of cost or net realizable value.

Receivables and other assets are stated at their nominal value or net realizable value as of the reporting date, whichever is lower. No bad debt allowances were recognized because they were not justified from a business perspective.

Cash and cash equivalents are measured at nominal value.

Prepaid expenses mainly include maintenance agreements and license fees that have been paid at the beginning of the fiscal year.

Subscribed capital is stated at nominal value.

Pension obligations as of 31 March 2019 were measured in accordance with actuarial principles using the projected unit credit method. The 2018 G mortality tables of Prof. Dr. Klaus Heubeck were used as the biometric calculation basis for the first time. In accordance with the RückAbzinsV [“Rückstellungsabzinsungsverordnung”: German Ordinance on the Discounting of Provisions] dated 18 November 2009, the average market interest rate of the past 10 years (Sec. 253 (2) Sentence 1 HGB) of 3.07% (prior year: 3.57%) is applied as the actuarial interest rate assuming a remaining term of 15 years. Expected salary increases were taken into account at 3.0% (prior year: 3.0%) and expected pension increases at 1.5% (prior year: 1.5%).

Other provisions account for all uncertain liabilities and potential losses from pending transactions. They are recognized at the settlement value deemed necessary according to prudent business judgment. Provisions with a residual term of more than one year were discounted.

Those assets which serve exclusively to fulfill the obligations for the German phased retirement scheme and deferred compensation and are protected against claims asserted by all other creditors (covering assets as defined by Sec. 246 (2) Sentence 2 HGB) were measured at their fair value and offset against the corresponding provisions. The fair value of the employer’s pension liability insurance cover comprises the insurer’s unearned premium reserve plus any credit balance from premium refunds (bonus feature).

Liabilities are recorded at their settlement value.

Receivables and liabilities in foreign currency are recorded using the respective exchange rate on the transaction date. Exchange losses and gains, which arise by the cut-off date by being realized or valued at the closing rate, are recognized in profit or loss if the residual term is less than one year. If the residual term is more than one year, the realization principle applies. The “thereof” currency translation items presented in the income statement include both realized and unrealized exchange differences.

Notes to the balance sheet

Fixed assets

The development of fixed assets in fiscal year 2018/2019 is shown in the attachment to these notes.

The Company holds shares as fixed financial assets in the following companies:

Name, location	Share (%)	Currency	Equity	Net income/net loss for the year
SMR Automotive Vision Systems Mexico S.A. C.V de Mexico 78395 San Luis Potosi, Mexico, as of 31 Dec 2018	64.68%	MXN	672,212,733	195,351,761
SMR Automotive Systems Spain S.A.U. 50290 Epila, Spain, as of 31 Mar 2019	100%	EUR	8,132,700	7,377,548
Samvardhana Motherson Corp. Management Shanghai Co. Ltd, Shanghai, China as of 31 Dec 2018	100%	RNB	6,837,680	-1,027,820

Receivables and other assets

As in the prior year, all receivables and other assets are due in less than one year.

Receivables from affiliates of EUR 15,011,816.50 (prior year: EUR 21,855k) result from ongoing clearing of trade receivables of EUR 5,739,870.20 (prior year: EUR 5,881k) and from cash pooling of EUR 9,271,946.30 (prior year: EUR 15,973k).

This includes receivables of EUR 9,315,347.62 (prior year: EUR 16,031k) from the shareholder SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart.

Subscribed capital

The subscribed capital is fully paid in and remains unchanged at EUR 25,000.00.

Provisions for pensions and similar obligations

Pension provisions are measured according to the projected unit credit method by applying an interest rate of 3.07% (prior year: 3.57%) for the first time in accordance with the 2018 G mortality tables of Prof. Dr. Klaus Heubeck. The following assumptions were also used in the calculation:

	2018/19	2017/18
Future salary increases	3.0%	3.0%
Future pension increases	1.5%	1.5%

The difference resulting from the different valuations between the recognition of pension provisions using the seven-year and the ten-year average interest rate comes to EUR 334,237 (prior year: EUR 314k).

Other provisions

Other provisions of EUR 1,500,892.76 (prior year: EUR 1,835k) primarily contain provisions for the German phased retirement scheme of EUR 198,561.31 (prior year: EUR 269k), provisions for long-service awards of EUR 173,159.00 (prior year: EUR 161k), provisions for deferred compensation of EUR 37,814.36 (prior year: EUR 21k), provisions for vacation of EUR 304,847.55 (prior year: EUR 308k), provisions for vacation and Christmas bonuses of EUR 235,332.57 (prior year: EUR 259k), provisions for flexi-time of EUR 91,172.99 (prior year: EUR 76k), outstanding invoices of EUR 262,066.24 (prior year: EUR 540k) and severance payments of EUR 197,938.74 (prior year: EUR 200k).

Information on the offsetting process in accordance with
Sec. 246 (2) Sentence 2 HGB:

German phased retirement scheme ("Altersteilzeit"):	2018/19 EUR	2017/18 EUR
Acquisition cost of the assets	193,605	326,922
Fair value of the assets	193,605	326,922
Settlement value of the offset liabilities	261,603	254,015
Offset expenses	5,116	8,891
Offset income	233	698

Deferred compensation:	2018/19 EUR	2017/18 EUR
Acquisition cost of the assets	52,294	107,846
Fair value of the assets	52,294	107,846
Settlement value of the offset liabilities	90,099	129,023
Offset expenses	4,658	4,983
Offset income	43,582	3,479

Liabilities

As in the prior year, all liabilities are due within one year.

Liabilities to affiliates of EUR 15,968,956.67 (prior year: EUR 21,295k) contain liabilities from ongoing clearing transactions of EUR 1,945,364.64 (prior year: EUR 1,498k), liabilities from short-term loans to SMR Automotive Vision Systems Mexico S.A. C.V de Mexico of EUR 8,067,466.47 (prior year: EUR 7,233k) and liabilities from profit/loss transfer of EUR 5,956,125.56 € (prior year: EUR 7,516k).

This includes liabilities to the shareholder SMR Automotive Mirror Systems Holding Deutschland GmbH totaling EUR 5,956,125.56 (prior year: EUR 12,516k).

Other liabilities of EUR 385,438.99 (prior year: EUR 263k) are primarily attributable to liabilities from wage tax of EUR 263,722.56 (prior year: EUR 254k). Other liabilities comprise liabilities relating to social security of EUR 2,142.74 (prior year: EUR 3k).

Notes to the income statement

Revenue

	2018/2019 EUR	2017/2018 EUR
Third parties		
• Germany	5,690,222.84	3,179,079.25
• Other countries	6,069,126.23	4,321,729.52
	<u>11,759,349.07</u>	<u>7,500,808.77</u>
Affiliates		
• Germany	506,127.48	1,015,494.72
• Other countries	32,727,093.68	35,967,333.67
	<u>33,233,221.16</u>	<u>36,982,828.38</u>
less sales deductions	0	0
	<u><u>44,992,570.23</u></u>	<u><u>44,483,637.15</u></u>

Other operating income

This item includes income of EUR 385,388.81 (prior year: EUR 21k) from the reversal of provisions and other out-of-period income of EUR 6,099.75 € (prior year: EUR 168k), and exchange rate gains of EUR 30,042.45 (prior year: EUR 1,412k).

Personnel expenses

This item contains pension costs of EUR 5,976.00 (prior year: EUR 131k).

Other operating expenses

This item contains exchange rate losses of EUR 703,136.48 (prior year: EUR 0k). In the prior year, this item comprised out-of-period expenses of EUR 46k.

Income from equity investments

This item solely includes income of EUR 6,765,649.94 (prior year: EUR 10,912k) from the affiliates SMR Automotive Systems Spain S.A.U., Epila, Spain, and SMR Automotive Vision Systems Mexico S.A. C.V de Mexico, San Luis Potosi, Mexico.

Interest and similar expenses

This item includes interest expenses paid to affiliates of EUR 845,414.99 (prior year: EUR 374k). EUR 85,408.00 (prior year: EUR 89k) is included from unwinding the discount on provisions.

Other notes

Contingent liabilities

There were no other contingent liabilities as of the reporting date.

Other financial obligations

There are financial obligations of EUR 6,726,980.74 due to a lease agreement for the office premises at the Wangen office campus up to and including March 2025.

Employees (annual average)

	2018/2019 Number	2017/2018 Number
Wage earners	0	0
Salaried employees	157	167
Trainees	0	0
	<hr/> 157	<hr/> 167

General managers

The Company's general managers in fiscal year 2018/2019 were:

- The general manager with individual powers of representation was:

Laksh Vaaman Sehgal, New Delhi, India, CEO/Chairman

- As general manager with the right to enter into transactions with himself on behalf of the Company while acting as an agent of third parties:

Andreas Heuser, Bad Soden-Salmünster, attorney, Head of Chairman's Office Europe & Americas Samvardhana Motherson Group, Bruchköbel, Germany, executive board member Samvardhana Motherson Peguform GmbH, Freiburg i.Br.

In accordance with Sec. 286 (4) HGB, remuneration of management has not been disclosed.

Shareholder and group relationships

The **sole shareholder** is SMR Automotive Mirrors Systems Holding Deutschland GmbH (HRB 725239) with its registered offices in Stuttgart.

The **consolidated financial statements for the largest group of companies**, in which the Company is incorporated, are prepared by Motherson Sumi Systems Ltd., Noida, India. The consolidated financial statements are available at the following address: 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi - 110044, India, or on the Group's webpage: <https://www.motherson.com/annual-reports.html>.

The **consolidated financial statements for the smallest group of companies**, in which the Company is incorporated, are prepared by Samvardhana Motherson Automotive Systems Group B.V., Amsterdam, Netherlands. The consolidated financial statements can be obtained from the following address: Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands.

Audit and consulting fees

The auditor's fees billed for the fiscal year do not have to be disclosed because they are included in the disclosures in the consolidated financial statements of Motherson Sumi Systems Ltd., Noida, India.

Subsequent events

There were no significant events after the close of fiscal year 2018/2019.

Profit and loss transfer agreement

The net income for the year before profit transfer of EUR 5,956,125.56 will be transferred in full to SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart, with which a profit and loss transfer agreement and a tax group for corporate income tax purposes is in place.

Stuttgart, 19 August 2019

Laksh Vaaman Sehgal
(General manager)

Andreas Heuser
(General manager)

Statement of changes in fixed assets for fiscal year 2018/19

	Acquisition and production cost					Accumulated amortization, depreciation and impairment					Net book values	
	1 Apr 2018	Additions	Disposals	Reclassifications	31 Mar 2019	1 Apr 2018	Additions	Disposals	Reclassifications	31 Mar 2019	31 Mar 2019	31 Mar 2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,137,163.28	0.00	45,500.00	388,721.50	4,480,384.78	1,875,519.83	653,934.75	18,958.35	0.00	2,510,496.23	1,969,888.55	2,261,643.45
	4,137,163.28	0.00	45,500.00	388,721.50	4,480,384.78	1,875,519.83	653,934.75	18,958.35	0.00	2,510,496.23	1,969,888.55	2,261,643.45
II. Property, plant and equipment												
1. Plant and machinery	411,665.66	0.00	3,704.24	9,727.94	417,689.36	326,722.20	44,461.37	0.00	0.00	371,183.57	46,505.79	84,943.46
2. Other equipment, furniture and fixtures	4,295,661.48	3,285.92	129,378.33	504,070.22	4,673,639.29	3,288,253.34	422,812.72	32,535.02	0.00	3,678,531.04	995,108.25	1,007,408.14
3. Prepayments and assets under construction	218,341.41	1,588,986.12	38,097.73	-902,519.66	866,710.14	0.00	0.00	0.00	0.00	0.00	866,710.14	218,341.41
	4,925,668.55	1,592,272.04	171,180.30	-388,721.50	5,958,038.79	3,614,975.54	467,274.09	32,535.02	0.00	4,049,714.61	1,908,324.18	1,310,693.01
III. Financial assets												
Shares in affiliates	100,001.00	1,000,000.00	0.00	0.00	1,100,001.00	0.00	0.00	0.00	0.00	0.00	1,100,001.00	100,001.00
	100,001.00	1,000,000.00	0.00	0.00	1,100,001.00	0.00	0.00	0.00	0.00	0.00	1,100,001.00	100,001.00
	<u>9,162,832.83</u>	<u>2,592,272.04</u>	<u>216,680.30</u>	<u>0.00</u>	<u>11,538,424.57</u>	<u>5,490,495.37</u>	<u>1,121,208.84</u>	<u>51,493.37</u>	<u>0.00</u>	<u>6,560,210.84</u>	<u>4,978,213.73</u>	<u>3,672,337.46</u>

SMR Automotive Mirrors Stuttgart GmbH, Stuttgart

Management report for fiscal year 2018/2019

SMR Automotive Mirrors Stuttgart GmbH was founded on 4 September 2006 as Schefenacker-Engelmann Spiegel GmbH. Due to the renaming of the Company, the name was changed to Visiocorp Automotive GmbH on 23 January 2008, to SMR Automotive Parts GmbH on 3 August 2009 and to the current name SMR Automotive Mirrors Stuttgart GmbH on 8 December 2011. The Company develops, manufactures and sells exterior and interior mirrors, mirror parts and alternative systems for the automotive industry and renders international engineering and advisory services to all companies within the Samvardhana Motherson Reflectec (SMR) Group. The SMR Group manufactures for the international automotive industry and has more than 23 locations in 16 countries in Europe, the US, Asia and Australia. As global market leader and innovative partner for vehicle mirrors, the Group is a creative system supplier for its customers. Comprehensive quality awareness in its workforce of more than 10,400 employees (including temporary and contract workers) worldwide ensures its reputation as a dynamic and reliable partner of leading vehicle manufacturers.

1. Business and economic environment

Shared services as well as engineering and advisory services are primarily provided to affiliates by the HR, Finance, IT, Sales, Quality, Advance development and Development departments. In January 2019, our quality management system was once again successfully certified in accordance with DIN ISO 9001:2015 and IATF 16949:2016. Furthermore, our management system was supplemented by additional standards for environmental management (ISO 14001:2015) and for safety management (ISO 45001:2018) in 2018. These standards will be certified at corporate level for the first time in 2019.

According to management's estimates, macro-economic and industry-specific developments had a positive effect on business in fiscal year 2018/19.

2. Financial performance, financial position, assets and liabilities

Due to the fact that the Company does not generate revenue from series production, which could finance its operating business, services are invoiced to the receiving companies. Prototype revenue and development income with third parties are generated to a small extent.

Cash pooling is in place with SMR Automotive Mirror Systems Holding Deutschland GmbH in order to provide for and optimize existing liquidity. Financial management is performed by Motherson Sumi Systems Limited to cover liquidity needs and to hedge currency fluctuations. We were in a position to meet our financial obligations at all times throughout the fiscal year.

There were no unexpected seasonal effects, loss events or accidents. In the current fiscal year, the Company generated positive earnings before profit transfer of

EUR 5,956,125.56. Dividend earnings of EUR 6,765,649.94 were realized from the subsidiary in Spain and Mexico. The annual average number of employees decreased from 167 in the prior year to 157, as a result of which total personnel expenses also decreased to EUR 16,200,504.47. Notable investments in the Company's fixed assets mainly related to software. There is a profit and loss transfer agreement and a tax group in place with SMR Automotive Mirrors Systems Holding Deutschland GmbH, Stuttgart.

On account of the successful acquisitions recorded in the current fiscal year and the increased number of development and engineering services rendered compared to the prior year, our 2017/18 business development forecast for fiscal year 2018/19 was more than confirmed with regard to the order situation and net income for the year.

3. Opportunities and risk report

Risk management is performed by all managers, who are obliged to comply with the Code of Conduct of the Group.

Opportunities and risks within the Company are assessed in close collaboration between management, the department managers and Finance. Business processes have been defined, the compliance of which is monitored by management. When relevant, provisions are recognized on the basis of prudent business judgment. Information on the type and amount of provisions is provided in the notes to the financial statements.

There is a risk of exchange rate fluctuations with regard to USD. This risk is low for SMR Automotive Mirrors Stuttgart GmbH because more than 90% of the payment volume is denominated in EUR. There are no discernible risks that may jeopardize the existence of the group as a going concern.

The Company's main opportunities are based on the development of the group companies for which shared services as well as engineering and advisory services are rendered.

4. Forecast

SMR Automotive Mirrors Stuttgart GmbH was able to continue the successful trend in fiscal year 2018/19 and recorded further successful acquisitions, although to a lesser extent than in the prior year:

VW: T-Roc Cabrio

Seat: Urban Car

This was mainly due to the awarding of important contracts in fiscal year 2019/20 being postponed (e.g., Mercedes E-Class, Porsche Macan NF).

We expect revenue of around EUR 40m per annum in fiscal years 2019/20 and 2020/21. We anticipate a full, but nevertheless stagnating portfolio of orders in the next two fiscal years. Management expects earnings to remain level in the forecast period.

With regard to macro-economic development, we expect the European and US markets to remain saturated in the near term following more than a decade of growth. The sales figures in the markets have been declining since fall 2018. This is partly due to excessive uncertainties (potential auto tariffs for exports to the US, the trade dispute between the US and China and more stringent CO₂ specifications) currently affecting the market.

The result is a more competitive market environment. Moreover, customers are reconsidering their current strategies for conventional and camera-based mirrors. This leads to postponed contract awards and to bundling of purchasing volume.

Due to our extensive experience and expertise, we nevertheless consider ourselves well positioned for the future.

The prior-year forecast on economic development in fiscal year 2018/19 was confirmed by the operating business of SMR Automotive Mirrors Stuttgart GmbH.

Stuttgart, 19 August 2019

Laksh Vaaman Sehgal
(General manager)

Andreas Heuser
(General manager)



Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB [“Handelsgesetzbuch”: German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of these financial statements including the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften” [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.