

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

Motherson Sumi Systems Limited

**Report issued in accordance with scope and terms agreed in Master Engagement Agreement dated November 06, 2020, and service scope letter dated August 19, 2021, entered between Motherson Sumi System Limited and us in relation to the audit of Special Purpose Indian Accounting Standards (Ind AS) Financial Statements of SMR Automotive Systems Inc.**

**Opinion**

We have audited the accompanying Special Purpose Ind AS financial statements of SMR Automotive Systems Inc. ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Responsibility of Management for the Ind AS Financial Statements**

The Management of the Company including those charged with governance are responsible for the preparation of these Special Purpose Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS). This responsibility also includes maintenance of adequate accounting records, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing these Special Purpose Ind AS Financial Statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS 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 SAs 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 Special Purpose Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS 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 management.
- Conclude on the appropriateness of management's 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 Special Purpose Ind AS financial statements, including the disclosures, and whether the Special Purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

## **Other Matters**

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 2(a) to the special purpose Ind AS financial statements, which describes the basis of accounting. These special purpose financial statements include comparative financial information of the Company as at and for the year ended March 31, 2020 and the transition date opening balance sheet as at April 1, 2019 which were not subject to audit or review in earlier years. Accordingly, we do not express an opinion, a conclusion nor provide any assurance on them.

This report covering the financial statements of the Company for the year ended March 31, 2021 is intended for the information and use of the board of directors of the Company and Mother'son Sumi Systems Limited (MSSL), the ultimate holding company to comply with the financial reporting requirement by MSSL with respect to the inclusion of audited financial statement of the subsidiary companies on the website of the MSSL. It should not be used for any other purpose or provided to other parties.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

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**Per Pankaj Chadha**

Partner

Membership Number: 091813

UDIN: 21091813AAAADZ2318



Place of Signature: Gurugram

Date: 24 Aug 2021

**SMR Automotive Systems USA Inc**  
**Special Purpose Ind AS Financial Statements**  
**2020-21**

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SMR AUTOMOTIVE SYSTEMS USA INC  
Special Purpose Balance Sheet as on March 31, 2021

(All amounts in USD'000, unless otherwise stated)				
	Notes	As At March 31, 2021	As At March 31, 2020	As At April 1, 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	55,643	58,726	65,857
Right-to-use assets	5	273	547	814
Capital work-in-progress	4	2,080	3,199	425
Intangible assets	6	463	429	349
Intangible assets under development	6	688	624	135
Deferred tax assets (net)	16	1,327	-	-
Other non-current assets	7	1,067	2,473	1,912
Non current tax assets (net)		-	559	-
<b>Total non-current assets</b>		<b>61,541</b>	<b>66,557</b>	<b>69,492</b>
<b>Current assets</b>				
Inventories	8	12,156	10,819	9,405
Financial assets				
i. Trade receivables	9	12,799	7,865	21,559
ii. Cash and cash equivalents	10	1,055	7,997	6,252
iii. Loans	11	20,349	28,358	11,351
iv. Other financial assets	12	12,688	13,212	15,698
Other current assets	13	904	400	815
<b>Total current assets</b>		<b>59,951</b>	<b>68,651</b>	<b>65,080</b>
<b>Total assets</b>		<b>121,492</b>	<b>135,208</b>	<b>134,572</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	14	75	75	75
<b>Other equity</b>				
Additional paid-in share capital	15	84,867	84,867	84,867
Reserves and surplus	15	(28,387)	(23,359)	(10,293)
<b>Total equity</b>		<b>56,555</b>	<b>61,583</b>	<b>74,649</b>
<b>Liabilities</b>				
<b>Non current liabilities</b>				
Financial Liabilities				
i. Borrowing	17	6,688	-	-
ii. Lease liabilities	18	114	203	432
iii. Other financial liabilities	19	606	340	222
Deferred tax liabilities (net)	16	-	423	5,746
<b>Total non current liabilities</b>		<b>7,408</b>	<b>966</b>	<b>6,400</b>
<b>Current liabilities</b>				
Financial liabilities				
i. Lease liabilities	18	168	362	382
ii. Trade payables	20	44,251	51,549	49,311
iii. Other financial liabilities	21	10,519	19,259	2,156
Provisions	22	1,614	1,489	1,272
Current tax liabilities (net)		977	-	402
<b>Total current liabilities</b>		<b>57,529</b>	<b>72,659</b>	<b>53,523</b>
<b>Total equity and liabilities</b>		<b>121,492</b>	<b>135,208</b>	<b>134,572</b>
Summary of significant accounting policies	2			

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E / E300005

per Pankaj Chadha

Partner

Membership No.: 091813



The above Special Purpose balance sheet should be read in conjunction with the accompanying notes

For and on behalf of the Board

*Rajat Jain*

Rajat Jain  
Director and President

*John Jesionowski*

John Jesionowski  
Finance and IT Director

*Sukant Gupta*

Sukant Gupta  
Director

Place: Gurugram, India

Date: 24 Aug 2021

Date: 24 Aug 2021

Date: 24 Aug 2021

SMR AUTOMOTIVE SYSTEMS USA INC

Special Purpose Statement of profit and loss for the year ended March 31, 2021

		(All amounts in USD'000, unless otherwise stated)	
	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Revenue</b>			
Revenue from contract with customers	23	370,258	443,581
Other operating revenue	24	1,415	1,754
<b>Total revenue from operations</b>		<b>371,673</b>	<b>445,335</b>
Other income	25	33	2
<b>Total income</b>		<b>371,706</b>	<b>445,337</b>
<b>Expenses</b>			
Cost of materials consumed	26	205,501	250,056
Purchase of traded goods	26	7,424	14,994
Change in inventories of finished goods, work-in-progress and stock in trade	27	(1,617)	(49)
Employee benefit expense	28	61,152	63,441
Depreciation and amortisation expense	29	10,904	11,079
Finance costs	30	1,238	1,367
Other expenses	31	33,593	39,417
<b>Total expenses</b>		<b>318,195</b>	<b>380,305</b>
<b>Profit before tax</b>		<b>53,511</b>	<b>65,032</b>
<b>Tax expenses</b>			
- Current tax	32	14,039	19,403
- Adjustment of tax relating to earlier periods	32	850	(1,274)
- Deferred tax expense/ (credit)	32	(1,750)	(5,323)
<b>Total tax expense</b>		<b>13,139</b>	<b>12,806</b>
<b>Profit for the year</b>		<b>40,372</b>	<b>52,226</b>
<b>Total Comprehensive Income for the year</b>		<b>40,372</b>	<b>52,226</b>
<b>Earning per share</b>			
Nominal value per share: USD 10 (Previous year: USD 10)			
Basic	33	5,383	6,963
Diluted	33	5,383	6,963
Summary of significant accounting policies	2		

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

The above Special Purpose statement of profit and loss should be read in conjunction with the accompanying notes

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

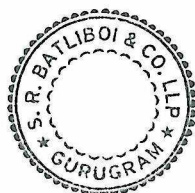
ICAI Firm Registration Number: 301003E / E300005

*Pankaj Chadha*

per **Pankaj Chadha**

Partner

Membership No.: 091813



For and on behalf of the Board

*Rajat Jain*

**Rajat Jain**

Director and President

*John Jesionowski*

**John Jesionowski**

Finance and IT Director

*Sukant Gupta*

**Sukant Gupta**

Director

Place: Gurugram, India

Date: 24 Aug 2021

Date: 24 Aug 2021

Date: 24 Aug 2021

SMR AUTOMOTIVE SYSTEMS USA INC  
Special Purpose Cash Flow Statement

(All amounts in USD'000, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Cash flow from operating activities:</b>		
Profit before tax	53,511	65,032
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation and amortisation expense	10,904	11,079
Finance cost	1,238	1,367
Provision for warranty	125	217
Provision for doubtful debt / advances	8	(71)
(Gain) / Loss on disposal of property, plant and equipment (net)	-	23
Interest income	(33)	(2)
Unrealised foreign currency loss/(gain)	138	265
<b>Operating profit before working capital changes</b>	<b>65,891</b>	<b>77,910</b>
<b>Changes in working capital:</b>		
Increase/(decrease) in Trade payables	(7,436)	1,973
Increase/(decrease) in Other financial liabilities	(2,133)	3,361
(Increase)/decrease in Trade receivables	(4,942)	13,765
(Increase)/decrease in Inventories	(1,337)	(1,414)
(Increase)/decrease in Other financial assets	545	(8,400)
(Increase)/decrease in Other assets	(755)	627
<b>Cash generated from operations</b>	<b>49,833</b>	<b>87,822</b>
Taxes (paid) / received	(23,385)	(5,479)
<b>Net cash generated from operating activities</b>	<b>26,448</b>	<b>82,343</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of property, plant & equipment (including capital work-in-progress) and intangible assets (including intangible assets under development)	(5,149)	(8,052)
Sale of property, plant & equipment (including capital work-in-progress) and intangible assets (including intangible assets under development)	280	232
Loan given to related parties	(17,400)	(17,000)
Loan repaid by related parties	25,400	-
Interest received from related parties	21	-
<b>Net cash (used) in investing activities</b>	<b>3,152</b>	<b>(24,820)</b>
<b>C. Cash flow from financing activities:</b>		
Loan proceeds from borrowings	10,000	-
Interest paid	(1,142)	(1,367)
Dividend payment (Refer Note iii below)	(45,400)	(54,411)
<b>Net cash (used) in financing activities</b>	<b>(36,542)</b>	<b>(55,778)</b>



**SMR AUTOMOTIVE SYSTEMS USA INC**  
**Special Purpose Cash Flow Statement**

Net increase/(decrease) in Cash & Cash Equivalents

(All amounts in USD'000, unless otherwise stated)

Net cash and cash equivalents at the beginning of the year

(6,942)

1.745

Cash and cash equivalents as at year end

7.997

6.252

Cash and cash equivalents comprise

Cash on hand

1

0

Balance with banks

1.054

7.997

Cash and cash equivalents as at year end

1,055

7.997

Summary of significant accounting policies (Note 2)

- i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS-7, "Statement of Cash Flows".  
 ii) Figures in brackets indicate Cash Outflow  
 iii) During the year ended March 31, 2020, the Company has settled trade receivables from its Intermediate holding Company, SMR Automotive Vision System Operations USA Inc. of USD 10.881 thousand with dividend paid during the year.

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

The above Special Purpose cash flow statement should be read in conjunction with the accompanying notes

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E / E300005

For and on behalf of the Board

per Pankaj Chadha

Partner

Membership No.: 091813



*Rajat Jain*  
**Rajat Jain**

Director and President

*John Jesionowski*

**John Jesionowski**

Finance and IT Director

*Sukant Gupta*

**Sukant Gupta**

Director

Place: Gurugram, India

Date: 24 Aug 2021

Date: 24 Aug 2021

Date: 24 Aug 2021

SMR AUTOMOTIVE SYSTEMS USA INC

Special Purpose Statement of changes in equity as at and for the year ended March 31, 2021

(All amounts in USD'000, unless otherwise stated)

A. Equity Share Capital	Notes	Amount
As at April 01, 2019		75
Issue of equity share capital	14	-
<b>As at March 31, 2020</b>		<b>75</b>
Issue of equity share capital	14	-
<b>As at March 31, 2021</b>		<b>75</b>

B. Other equity	Notes	Additional Paid-in Capital	Reserves and Surplus Retained Earnings	Total attributable to Owners
Balance as at April 01, 2019		84.867	(10.293)	74.574
Profit for the year		-	52.226	52.226
<b>Total comprehensive income for the year</b>		-	52.226	52.226
Dividend paid	15	-	(65.292)	(65.292)
<b>Balance at March 31, 2020</b>		<b>84.867</b>	<b>(23.359)</b>	<b>61.508</b>
Profit for the year		-	40.372	40,372
<b>Total comprehensive income for the year</b>		-	<b>40,372</b>	<b>40,372</b>
Dividend paid	15	-	(45.400)	(45,400)
<b>Balance at March 31, 2021</b>		<b>84,867</b>	<b>(28,387)</b>	<b>56,480</b>

Summary of significant accounting policies

2

The above statement of changes in equity should be read in conjunction with the accompanying notes

This is the Statement of Change in equity referred to in our report of even date.

The above Special Purpose Statement of Changes in equity should be read in conjunction with the accompanying notes

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E / E300005

per Pankaj Chadha

Partner

Membership No.: 091813



For and on behalf of the Board

*Rajat Jain*  
Rajat Jain

Director and President

*Sukant Gupta*

Sukant Gupta

Director

*John Jesionowski*

John Jesionowski

Finance and IT Director

Place: Gurugram, India

Date: 24 Aug 2021

Date: 24 Aug 2021

Date: 24 Aug 2021



**SMR AUTOMOTIVE SYSTEMS USA INC**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

**1. Corporate Information**

SMR Automotive Systems USA Inc (SMR USA or 'the Company') has been incorporated and domiciled in USA and is engaged primarily in the manufacture and sale of components to automotive original equipment manufacturers. The address of its corporate/registered office is 1855, Busha Hwy, Marysville, MI, 48040. The Company is a 100% subsidiary of its ultimate holding Company, Motherson Sumi Systems Limited (MSSL).

The special purpose Ind AS financial statements were authorised for issue on the date of signing.

**2. Significant accounting policies**

**a) Basis of preparation**

These special purpose Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and as applicable in India (Ind AS), for the purpose complying with the financial reporting requirement by MSSL with respect to the inclusion of audited financial statement of the subsidiary companies on the website of the MSSL.

The consolidated Ind AS financial statements of MSSL of the respective years included financial information in respect of the Company, but these special purpose Ind AS financial statements of the Company are the Company's first financial statement prepared in accordance with Ind AS.

The financial information prepared under Ind AS included in the Consolidated Ind AS financial statements of MSSL have been used to the extent applicable and relevant, for the purpose of preparing these special purpose Ind AS financial statements and management has not considered any events or circumstances occurring after the respective date of issuance of Consolidated Ind AS financial statements of MSSL for the respective financial years. Also, refer note 46 for details relating to first time adoption exemptions and reconciliation items between previous unpublished financials information and these special purpose financial statements prepared as per Ind AS.

These Special Purpose Ind AS financial statements have been prepared on a historical cost basis on an accrual and going concern basis except for certain assets and liabilities measured at fair value as described under respective accounting policies.

The financial statements are presented in USD and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

**b) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**c) Foreign Currencies**

**(i) Functional and presentation currency**

The Company's functional currency is US Dollar (USD) and the financial statements are presented in US Dollar (USD).





**SMR AUTOMOTIVE SYSTEMS USA INC**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

(ii) Transactions and balances

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

Foreign exchange differences on foreign currency borrowings are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**d) Revenue from contracts with customers**

Ind AS 115 Revenue from Contracts with Customers issued by Ministry of Corporate Affairs is applied by the Company as of April 01, 2018. The Company decided to apply the modified retrospective approach, whereby previous year's financial statements are not restated.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

**Revenue from sale of components**

Revenue from sale of components is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

**Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts for the sale of components provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

**Warranty obligations**

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

**Revenue from development of tools**

The Company develops customised tooling for its customers and recognises its revenue over time using an input method to measure progress towards complete satisfaction of the tool development.

The Company recognises revenue from development of tools over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation.

Where the Company cannot reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.



**SMR AUTOMOTIVE SYSTEMS USA INC**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Judgments applied in determining amount and timing of revenue**

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Determining the timing of satisfaction of tooling development

The Company concluded that revenue for development of tooling is to be recognised over time because the Company's performance does not create asset with an alternative use to the Company since the tools are customised for each customer and the Company has a legally enforceable right to payment of fair value for performance completed to date.

The Company determined that the input method is the best method in measuring progress of the tooling development because there is a direct relationship between the Company's effort (i.e., costs incurred) and the transfer of tooling to the customer. The Company recognises revenue on the basis of the total costs incurred relative to the total expected costs to complete the tool.

(ii) Consideration of significant financing component in a contract

The Company develops customised tooling and secondary equipment's for which the manufacturing lead time after signing the contract is usually more than one year. This type of contract includes two payment options for the customer, i.e., payment of the transaction price equal to the cash selling price upon delivery of the tooling or payment of the transaction price as part of the component's selling price. The Company concluded that there is a significant financing component for those contracts where the customer elects to pay along with the component's selling price considering the length of time between the transfer of tooling and secondary equipment and the recovery of transaction price from the customer, as well as the prevailing interest rates in the market, if any.

In determining the interest to be applied to the amount of consideration, the Company concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception.

**Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are disclosed in Note 43.

**Contract Assets**

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables. The Company's contract assets are disclosed in Note 43 as Unbilled Receivables.

**Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract Liabilities are disclosed in Note 43 as Advances received from customers.

**Impairment**

An impairment is recognised to the extent that the carrying amount of receivable or asset relating to contracts with customers (a) the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which such asset relates; less (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

**e) Other Income**

**Interest**

Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company



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estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

When government grants relating to loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**g) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in USA, as well as all adjustments to payable taxes in relation to previous reporting periods. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, the Company recognizes a liability if it assesses that its tax positions may be challenged by the authorities and are more likely than not to result in an outflow of taxes, such liabilities are recorded as current tax liabilities in the financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements.

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 the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are not recognized for temporary differences ("outside-basis differences") if the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets contain tax assets that are derived from the expected utilization of unused tax losses and unused tax credits, unless it is improbable that the future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.



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**h) Leases**

Ind AS 116 Leases issued by Ministry of Corporate Affairs is applied by the Company as of April 01, 2019. The Company decided to apply the modified retrospective approach. Accordingly, the Company has not restated comparative information and there is no cumulative effect of initially applying this Standard to be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (i) Impairment of non-financial assets.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Lease liabilities, which separately shown in the financial statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Key assumptions that the Company is applying for implementing the standard are as follows:**

**Terms:** For each contract, the Company reviewed the renewal and the early termination options within the term of the arrangement and determined, after taking into account all the relevant facts and circumstances, what would be the date at which the Company reasonably expects the contract to be terminated. For certain categories of leased assets, (mainly vehicles), the Company assesses that there is no reasonably certain extension option, consequently the duration selected coincides with the first term of the lease contract. For real estate lease arrangements, the Company defines the reasonable end date of the contracts, while taking into account the renewal and early termination options stated in the agreements, in line with the asset's expected period of use.

**Discount rates:** The Company determined discount rates reflecting each subsidiary's specific credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability. For the transition the incremental borrowing rate used is the rate applicable to the residual terms of the contracts. For contracts previously classified as finance leases the Company has recognised the carrying amount of the right of use assets and lease liability at the date of initial application.

**i) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.





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In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**j) Cash and cash equivalents**

Cash and cash equivalent includes cash on hand, cash at banks and short term deposits 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 change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**k) Inventories**

Raw materials, stores and spares, work in progress, stock in trade and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material and traded goods comprise cost of purchase and is determined after rebate and discounts. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also includes all other cost incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company records an inventory reserve for excess and obsolete product, which exceeds forecasted usage / contractual obligations and finished goods in which carrying values exceed market.

**l) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing



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component or for which the Company has applied the practical expedient, the Company initially measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments at amortised cost**

This category is the most relevant to the Company. A 'debt instruments' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such debt instruments are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instruments at FVTOCI**

A 'debt instruments' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instruments is reported as interest income in statement of profit and loss using the EIR method.

The Company has not designated any debt instrument as at FVTOCI.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.





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**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Impairment of financial assets**

For trade receivables and contract assets, the Company applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for any forward-looking factors specific to the debtors and the economic environment.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 116
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.



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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability. Debt instruments measured at FVTOCI: For debt instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the 'accumulated impairment amount'

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

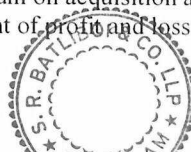
Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.



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This category generally applies to interest bearing loans and borrowings and other payables.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**m) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Financial instruments (including those carried at amortised cost) (note 9, 10, 11, 12, 17, 18, 19, 20, 21, 35 and 36)

**n) Property, plant and equipment**

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress are stated at cost, net of accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the items and the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

**Depreciation methods and useful lives**

Depreciation is calculated using the straight-line method over estimated useful lives of the assets:



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Assets	Useful lives (years)
Building	39 years
Machinery and Equipment	
Program specific	Program Production Life
Others	3 – 10 years
Office Furniture and Equipment	7 years
Computers	5 years
Building Improvements	15 years or remaining life of building
Land Improvements	15 years
Returnable Packaging	3 years
Company Owned Tooling	Program Production Life
Vehicles	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**o) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful live of intangible assets are as follows:

Assets	Useful lives (years)
Softwares	3-5 years

Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**Software**

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product and use it;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset





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- The ability to measure reliably the expenditure during development

The Parent performs substantially all of the research and development activities on behalf of the Company and retains the intellectual property rights associated with those efforts. Accordingly, the Company has not capitalized any assets related to research and development.

Cost incurred by the Company for Research and Development do not meet the recognition criteria and hence have been classified as research costs and are expensed of in the statement of profit and loss as and when these are incurred.

The amortisation methods, the usual useful lives and the residual values of intangible assets are checked annually.

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**q) Provisions and contingent liabilities**

**Provisions**

Provisions for legal claims, product warranties and other obligations 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 can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

**Provision for onerous contracts**

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Company at the end of every reporting period conducts the onerous contract test per the provisions of Ind AS 37 by comparing the remaining costs to be incurred under the contract with the related revenue of the contract. Where the costs of a contract exceed the related revenue of the contract, the Company makes a provision for the difference.

**Warranty provision**

In cases where the obligations include warranty liabilities, the Company provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

**Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**r) Employee benefits**

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.





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**Pension provisions**

The Company sponsors a 401 (k) savings plan. The plan is funded through payments to insurance companies or trustee-administered funds. All full-time employees are eligible to participate in this plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**s) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**t) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**u) Changes in Accounting Policies**

**Adoption of Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company as lessee uses the following practical expedients of IND AS 116 at the date of initial application:

- With leases previously classified as operating leases according to IND AS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by incremental borrowing rate at April 1, 2019. The respective right-of-use asset is generally recognized at an amount equal to the lease liability.



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- An impairment review is not performed. Instead, a right-of-use asset is adjusted by the amount of any provision for onerous leases recognized in the Statement of Financial Position at March 31, 2019.
- Regardless of their original lease term, leases for which the lease term ends at the latest on March 31, 2020 were recognized as short-term leases.

**v) Standards notified but not yet effective**

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Group's financial statements.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

**(i) Determining the lease term of contracts with renewal and termination options – Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

**(ii) Revenue from contracts with customers**

The Company applies the judgements in respect to transactions relating to tooling development that significant financing component in a contract that significantly affect the determination of the amount and timing of revenue from contracts with customers. For more details, refer note 2 (d)

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(i) Useful life of property, plant and equipment**

The Company uses its technical expertise along with historical and industry trends for determining the economic useful life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

**(ii) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Valuation of recoverable income tax assets especially with respect to deferred tax assets on tax loss carry forwards. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made



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**(iii) Percentage completion of recognition of revenue**

The Company uses the percentage-of-completion method in accounting for 'development of tools' contracts. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances

**(iv) Provisions and liabilities**

The Company estimates the provisions and liabilities and to the probability of expenses arising from warranty claims and claims from legal disputes that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

**(v) Provision for Impairment of Trade Receivables**

The Company applies the Ind AS 109 simplified approach to measuring expected credit losses. To measure the expected credit losses, trade receivables and contract assets have been grouped based on days past due. The contract assets have substantially the same risk characteristics as the trade receivables. The Company also evaluates cash and cash equivalents that are subject to the impairment requirements of Ind AS 109.

The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.



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(All amounts in USD'000, unless otherwise stated)

4 Property, plant and equipment

Particulars	Freehold Land	Buildings	Land & Building Improvements	Plant & Machinery	Furniture & fixtures	Tooling	Total	Capital Work in Progress
<b>Year ended March 31, 2020</b>								
Gross carrying amount	304	32,079	9,348	94,725	6,091	1,513	144,060	425
As at April 1, 2019	-	-	95	2,378	772	309	3,554	6,328
Additions (Refer Note (i) below)	-	-	(154)	(971)	(31)	(107)	(1,263)	
Disposals / other adjustments	-	-	-	-	-	-	-	(3,554)
Transfers	304	32,079	9,289	96,132	6,832	1,715	146,351	3,199
Closing gross carrying amount	-	-	-	-	-	-	-	-
<b>Accumulated depreciation and impairment</b>								
As at April 1, 2019	-	6,816	4,607	61,149	4,310	1,321	78,203	
Depreciation charge during the year	-	838	412	8,430	663	87	10,430	
Depreciation on disposal of assets	-	-	(17)	(960)	(31)	-	(1,008)	
Closing accumulated depreciation	-	7,654	5,002	68,619	4,942	1,408	87,625	
<b>Year ended March 31, 2021</b>								
Gross carrying amount	304	32,079	9,289	96,132	6,832	1,715	146,351	3,199
As at April 1, 2020	-	-	224	6,445	86	445	7,200	6,361
Additions (Refer Note (i) below)	-	-	-	(119)	-	-	(119)	(280)
Disposals / other adjustments	-	-	-	-	-	-	-	(7,200)
Transfers	304	32,079	9,513	102,458	6,918	2,160	153,432	2,080
Closing gross carrying amount	-	-	-	-	-	-	-	-
Accumulated depreciation	-	7,654	5,002	68,619	4,942	1,408	87,625	
As at April 1, 2020	-	837	446	8,145	646	209	10,283	
Depreciation charge during the year	-	-	-	(119)	-	-	(119)	
Depreciation on disposal of assets	-	-	-	-	-	-	-	
Closing accumulated depreciation	-	8,491	5,448	76,645	5,588	1,617	97,789	
<b>Net carrying amount</b>								
As at March 31, 2021	304	23,588	4,065	25,813	1,330	543	55,643	2,080
As at March 31, 2020	304	24,425	4,287	27,513	1,890	307	58,726	3,199
As at April 1, 2019	304	25,263	4,741	33,576	1,781	192	65,857	425

(i) Additions pertain to capitalisation/transfer from capital work in progress

(ii) Refer to note 42 for information on property plant and equipment pledged as security by the Company

(iii) Contractual obligations: Refer to note 40 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

(iv) Capital Work in Progress mainly comprises plant & machinery



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Notes to the Special Purpose IND AS Financial Statements

(All amounts in USD'000, unless otherwise stated)

5 Right-to-use assets

Particulars	Buildings	Plant & Machinery	Computers	Vehicles	Total
<b>Year ended March 31, 2020</b>					
<b>Gross carrying amount</b>					
As at April 1, 2019	298	349	62	105	814
Additions	105	-	-	-	105
Disposals / other adjustments	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>403</b>	<b>349</b>	<b>62</b>	<b>105</b>	<b>919</b>
<b>Accumulated depreciation</b>					
As at April 1, 2019	-	-	-	-	-
Depreciation charge during the year	132	182	26	32	372
Depreciation on disposal of assets	-	-	-	-	-
<b>Closing accumulated depreciation</b>	<b>132</b>	<b>182</b>	<b>26</b>	<b>32</b>	<b>372</b>
<b>Year ended March 31, 2021</b>					
<b>Gross carrying amount</b>					
As at April 1, 2020	403	349	62	105	919
Additions	-	14	-	109	123
Disposals / other adjustments	-	(349)	(6)	(7)	(362)
<b>Closing gross carrying amount</b>	<b>403</b>	<b>14</b>	<b>56</b>	<b>207</b>	<b>680</b>
<b>Accumulated depreciation</b>					
As at April 1, 2020	132	182	26	32	372
Depreciation charge during the year	134	171	25	67	397
Depreciation on disposal of assets	-	(349)	(6)	(7)	(362)
<b>Closing accumulated depreciation</b>	<b>266</b>	<b>4</b>	<b>45</b>	<b>92</b>	<b>407</b>
<b>Net carrying amount</b>					
As at March 31, 2021	137	10	11	115	273
As at March 31, 2020	271	167	36	73	547
As at April 1, 2019	298	349	62	105	814



(All amounts in USD'000, unless otherwise stated)

## 6 Intangible assets

### Year ended March 31, 2020

#### Gross carrying amount

As at April 1, 2019	
Additions	
Disposals/ Transfers	
Closing gross carrying amount	

#### Accumulated amortization

As at April 1, 2019	
Amortization charge during the year	
Amortization on disposal of assets	
Closing accumulated amortization	

### Year ended March 31, 2021

#### Gross carrying amount

As at April 1, 2020	
Additions	
Disposals/ Transfers	
Closing gross carrying amount	

#### Accumulated amortization

As at April 1, 2019	
Amortization charge during the year	
Amortization on disposal of assets	
Closing accumulated amortization	

#### Net Carrying amount

As at March 31, 2021	
As at March 31, 2020	
As at April 1, 2019	

	Intangible Assets Computer Software	Intangible Assets under development Computer Software
As at April 1, 2019	2,763	135
Additions	369	858
Disposals/ Transfers	(19)	(369)
Closing gross carrying amount	3,113	624
As at April 1, 2019	2,414	
Amortization charge during the year	277	
Amortization on disposal of assets	(7)	
Closing accumulated amortization	2,684	
As at April 1, 2020	3,113	624
Additions	258	322
Disposals/ Transfers	-	(258)
Closing gross carrying amount	3,371	688
As at April 1, 2019	2,684	
Amortization charge during the year	224	
Amortization on disposal of assets	-	
Closing accumulated amortization	2,908	
As at March 31, 2021	463	688
As at March 31, 2020	429	624
As at April 1, 2019	349	135

(i) Refer to note 42 for information on intangible assets pledged as security by the Company

(ii) Contractual obligations: Refer to note 40 for disclosure on contractual commitments for the acquisition of intangible assets.

## 7 Other non-current assets

Capital advances	
Others	

March 31, 2021	March 31, 2020	April 1, 2019
358	2,015	1,242
709	458	670
1,067	2,473	1,912

## 8 Inventories

Raw materials	
Work-in-progress	
Finished goods	

March 31, 2021	March 31, 2020	April 1, 2019
6,351	6,631	5,266
2,199	1,720	1,517
3,606	2,468	2,622
12,156	10,819	9,405

Inventory includes following:

Raw materials in transit	
Finished goods in transit	

600	2	570
376	37	37

Note 1: During the year ended March 31, 2021, the Company has made provision in respect of obsolete / slow moving items amounting to USD 1,485 thousand (March 31, 2020: USD 1,643 thousand; April 1, 2019: USD 2,457 thousand). These were recognised as an expense during the year and included in cost of material consumed in statement of profit or loss.





## 9 Trade Receivables

	March 31, 2021	March 31, 2020	April 1, 2019
Unsecured, considered good	11,105	6,771	15,639
Trade receivables from related parties (Refer Note 38)	1,694	1,094	5,920
Unsecured, credit impaired	574	566	637
	<b>13,373</b>	<b>8,431</b>	<b>22,196</b>
Less: Allowances for credit loss	(574)	(566)	(637)
	<b>12,799</b>	<b>7,865</b>	<b>21,559</b>

Note 1: The Company has derecognised trade receivables amounting USD 54,772 thousand (March 31, 2020: USD 47,067 thousand; April 1, 2019: USD 50,166 thousand) as it had transferred the contractual right and substantially transferred all risks and rewards of ownership of these receivables to financial institution.

## 10 Cash and cash equivalents

	March 31, 2021	March 31, 2020	April 1, 2019
Balances with banks:			
- in current accounts	1,054	7,997	6,252
Cash on hand	1	0	0
	<b>1,055</b>	<b>7,997</b>	<b>6,252</b>

## Changes in liabilities arising from financing activities

	March 31, 2020	Cash Flow	Non Cash flow items	March 31, 2021
Long term borrowings	-	10,000		10,000
Lease Liabilities	565	(406)	123	282
<b>Total liabilities from financing activities</b>	<b>565</b>	<b>9,594</b>	<b>123</b>	<b>10,282</b>

## 11 Loans

### Unsecured, considered good

	March 31, 2021	March 31, 2020	April 1, 2019
Loans to related parties (Refer Note 38)	20,349	28,349	11,349
Loans to employees	0	9	2
	<b>20,349</b>	<b>28,358</b>	<b>11,351</b>

Note 1: As at March 31, 2021, March 31, 2020 and April 1, 2019, the Company has given an interest free loan receivable of USD 11,349 thousand to SMR Automotive Mirror Parts and Holding (UK) Ltd and the same is repayable on demand.

Note 2: During the year ended March 31, 2021, the Company has given loan to its related party, SMR Automotive Vision System Operations USA Inc, of USD 9,000 thousand, is repayable by May 15, 2021 and carries interest rate of 6.78%.

Note 3: During the previous year ended March 31, 2020, the Company had given loan to its related party, Samvardhana Motherson Automotive Systems Group B.V., of USD 17,000 thousand, carried interest rate of 3.79% and was received back on April 2, 2020.

## 12 Other financial assets

### Unsecured, considered good

	March 31, 2021	March 31, 2020	April 1, 2019
Unbilled revenue (Refer Note 43)	12,360	12,969	4,680
Interest accrued but not due from related parties (Refer Note 38)	14	2	-
Other receivables from related parties (Refer Note 38)	-	-	10,881
Others	314	241	137
	<b>12,688</b>	<b>13,212</b>	<b>15,698</b>

## 13 Other current assets

### Unsecured, considered good

	March 31, 2021	March 31, 2020	April 1, 2019
Prepaid expenses	904	400	815
	<b>904</b>	<b>400</b>	<b>815</b>



(All amounts in USD'000, unless otherwise stated)

14 Equity share capital

Authorised:

10,000 (March 31, 2020: 10,000; April 1, 2019: 10,000) Equity shares of USD 10 each

Issued, subscribed and Paid up:

7,500 (March 31, 2020: 7,500; April 1, 2019: 7,500) Equity shares of USD 10 each

March 31, 2021	March 31, 2020	April 1, 2019
100	100	100
100	100	100
75	75	75
75	75	75

(a) Movement in equity share capital

As at April 1, 2019

Add: Movement during the year

As at March 31, 2020

Add: Movement during the year

As at March 31, 2021

Numbers	Amount
7,500	75
-	-
7,500	75
-	-
7,500	75

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of USD 10 per share. Each holder of equity is entitled to one vote per share held. The Company declares and pays dividends in US Dollars

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares of the company held by Holding/Ultimate holding company

SMR Automotive Mirror International USA Inc. (Holding company)

March 31, 2021 No. of shares	March 31, 2020 No. of shares	April 1, 2019 No. of shares
7,500	7,500	7,500

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	March 31, 2021		March 31, 2020		April 1, 2019	
	No. of shares	%	No. of shares	%	No. of shares	%
SMR Automotive Mirror International USA Inc. (Holding company)	7,500	100%	7,500	100%	7,500	100%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

15 Other equity

Additional paid-in Share Capital \*

Retained earnings

March 31, 2021	March 31, 2020	April 1, 2019
84,867	84,867	84,867
(28,387)	(23,359)	(10,293)
56,480	61,508	74,574

\* It represents additional amount invested by the Holding company (SMR Automotive Mirror International USA Inc.) in earlier years against which no shares were issued by the Company. There is no impact on the ownership of the Company as 100% of the issued shares are held by the Holding company itself. Since this amount invested is not refundable to the Holding company, hence, this has been treated as equity in nature and accordingly, disclosed as additional paid-in share capital.

(a) Retained earnings

Opening balance

Additions during the year

Dividends proposed and paid

Closing balance

March 31, 2021	March 31, 2020
(23,359)	(10,293)
40,372	52,226
(45,400)	(65,292)
(28,387)	(23,359)



16 Deferred tax assets/ (liabilities) (net)

Year ended March 31, 2020

	Opening Balance as on April 1, 2019	Reclassifications*	Credited/ (Charged) to profit or loss	Closing balance as on March 31, 2020
Property, plant, equipments & intangible assets	(7,078)	-	523	(6,555)
Provision for doubtful debts/ advances/ inventory	863	-	863	1,726
Employee benefits	23	-	(23)	-
Subsidy income / Government grant	(1,408)	-	(67)	(1,475)
Others**	1,854	-	4,027	5,881
<b>Total</b>	<b>(5,746)</b>	<b>-</b>	<b>5,323</b>	<b>(423)</b>

Year ended March 31, 2021

	Opening Balance as on April 1, 2020	Reclassifications*	Credited/ (Charged) to profit or loss	Closing balance as on March 31, 2021
Property, plant, equipments & intangible assets	(6,555)	-	80	(6,475)
Provision for doubtful debts/ advances/ inventory	1,726	(1,584)	481	623
Employee benefits	-	-	(24)	(24)
Subsidy income / Government grant	(1,475)	-	10	(1,465)
Others**	5,881	1,584	1,203	8,668
<b>Total</b>	<b>(423)</b>	<b>-</b>	<b>1,750</b>	<b>1,327</b>

\* Reclassifications represents grossing up of deferred tax assets and liabilities

\*\* Others represent tax impact of temporary differences arising out of R&D credits and other similar items

17 Borrowing

Term loans - unsecured

	March 31, 2021	March 31, 2020	April 1, 2019
Loans from banks	10,000	-	-
Less: Disclosed under Other current financial liabilities (Refer Note 21)	(3,312)	-	-
	<b>6,688</b>	<b>-</b>	<b>-</b>

The Company pursued and received government assistance of USD 10 million under the Paycheck Protection Program ("PPP") established by the federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act, P.L. 116-136. The same is repayable in 24 equated monthly installments and carries interest rate 0.98% per annum.

Forgiveness of the Loan is available for principal amount that is used for the limited purposes that qualify for forgiveness under Small Business Administration's ("SBA") requirements. The Company has filed for forgiveness of the loan during the year ended March 31, 2021.

The Company has treated the loan amount as a borrowing since the conditions for forgiveness of the loan is dynamic in nature and loan forgiveness application is yet to be processed by the respective authorities.

18 Lease Liabilities

	March 31, 2021	March 31, 2020	April 1, 2019
Lease liabilities - Non current	114	203	432
Lease liabilities - Current	168	362	382
	<b>282</b>	<b>565</b>	<b>814</b>

Lease liabilities represent obligations recognised under leasing contracts accounted for as per Ind AS 116 since April 01, 2019.

19 Other financial liabilities - Non current

	March 31, 2021	March 31, 2020	April 1, 2019
Payable to employees	606	340	222
	<b>606</b>	<b>340</b>	<b>222</b>

20 Trade payables

	March 31, 2021	March 31, 2020	April 1, 2019
Total outstanding dues of creditors other than related parties (Refer Note 21(A) below)	35,733	43,556	43,002
Trade payable to related parties (Refer Note 38)	8,518	7,993	6,309
	<b>44,251</b>	<b>51,549</b>	<b>49,311</b>



## 21 Other financial liabilities - Current

	March 31, 2021	March 31, 2020	April 1, 2019
Employee benefits payable	1,924	1,202	1,837
Current maturities of long term borrowings (Refer Note 17)	3,312	-	-
Interest accrued but not due on borrowings	96	-	-
Other payables to related parties (Refer Note 38)	3,579	13,611	-
Payables related to purchase of fixed assets (Refer Note A below)	1,608	4,446	319
	<b>10,519</b>	<b>19,259</b>	<b>2,156</b>

### Note A: Supply Chain Financing

The Company has entered into an arrangement with a bank wherein the bank is appointed as paying agent with regard to payments due to participating suppliers in order to facilitate efficient payment processing and other flexibility to such suppliers, including to manage their cash flow by electing early payment for their invoices. Under the arrangement, if opted for by the supplier, the bank may pay amounts earlier than the due date in respect of invoices owed by the Company and receives settlement from the Company on due date of those invoices.

The Company does not incur any additional interest towards the bank on the amounts due or paid to the suppliers. The Company discloses the amounts owed under such invoices within financial liabilities because the nature and function of the financial liability remain the same as those of other payables.

The Company has an outstanding balance of USD 2,015 thousand (March 31, 2020: USD 5,007 thousand; April 1, 2019: Nil) in respect of these invoices.

## 22 Provisions

	March 31, 2021	March 31, 2020	April 1, 2019
For warranties	1,614	1,489	1,272
<b>Total</b>	<b>1,614</b>	<b>1,489</b>	<b>1,272</b>

### Warranty

A provision is recognized for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and returns. Due to the very nature of such costs, it is not possible to estimate the uncertainties relating to the outflows of economic benefits.

The Company has following provisions in the books of account as at year end:

	March 31, 2021	March 31, 2020
<b>Opening Balance</b>	1,489	1,272
Additions during the year	1,406	955
Utilized during the year	(1,281)	(738)
<b>Closing Balance</b>	<b>1,614</b>	<b>1,489</b>



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(All amounts in USD'000, unless otherwise stated)

23 Revenue from contract with customers

	For the year ended	
	March 31, 2021	March 31, 2020
<b>Sales of products</b>		
Finished goods	353,016	417,258
Traded goods (Tools)	9,305	17,291
Sales of services (Refer note 38)	7,937	9,032
<b>Total revenue from contract with customers</b>	<b>370,258</b>	<b>443,581</b>

Note: There is no material difference between the contract price and the revenue from contract with customers.

24 Other operating revenue:

	For the year ended	
	March 31, 2021	March 31, 2020
Miscellaneous other operating income	1,415	1,754
<b>Total</b>	<b>1,415</b>	<b>1,754</b>

25 Other income

	For the year ended	
	March 31, 2021	March 31, 2020
Interest income from related parties (Refer note 38)	33	2
<b>Total</b>	<b>33</b>	<b>2</b>

26 Cost of materials consumed

	For the year ended	
	March 31, 2021	March 31, 2020
Opening stock of raw materials	6,631	5,266
Add : Purchases of raw materials	205,221	251,421
Less: Closing stock of raw materials	(6,351)	(6,631)
<b>Total</b>	<b>205,501</b>	<b>250,056</b>

Purchase of traded goods	7,424	14,994
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27 Changes in inventory of finished goods, work in progress and stock in trade

	For the year ended	
	March 31, 2021	March 31, 2020
<b>(Increase)/ decrease in stocks</b>		
Stock at the opening of the year:		
Finished goods	2,468	2,622
Work-in-progress	1,720	1,517
<b>Total A</b>	<b>4,188</b>	<b>4,139</b>
Stock at the end of the year:		
Finished goods	3,606	2,468
Work-in-progress	2,199	1,720
<b>Total B</b>	<b>5,805</b>	<b>4,188</b>
<b>(Increase)/ decrease in stocks (A-B)</b>	<b>(1,617)</b>	<b>(49)</b>

28 Employee benefit expense

	For the year ended	
	March 31, 2021	March 31, 2020
Salary, wages & bonus	48,049	48,153
Contribution to employee welfare funds, payroll tax and other taxes (Refer Note 34)	5,226	5,471
Staff Welfare expenses	7,877	9,817
<b>Total</b>	<b>61,152</b>	<b>63,441</b>





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**29 Depreciation and amortisation expense**

Depreciation on property, plant and equipment (Refer Note 4)
Depreciation on right-to-use assets (Refer Note 5)
Amortization on intangible assets (Refer Note 6)
<b>Total</b>

For the year ended	
March 31, 2021	March 31, 2020
10,283	10,430
397	372
224	277
<b>10,904</b>	<b>11,079</b>

**30 Finance costs**

Interest on borrowings
Interest on lease liabilities (Refer Note 44)
Other finance cost
<b>Total</b>

For the year ended	
March 31, 2021	March 31, 2020
96	-
18	27
1,124	1,340
<b>1,238</b>	<b>1,367</b>

**31 Other expenses**

Electricity, water and fuel
Repairs and maintenance:
Machinery
Building
Others
Consumption of stores and spare parts
Rent (Refer note 44)
Rates & taxes
Insurance
Travelling
Legal & professional expenses
Loss on sale of fixed assets
Foreign exchange loss (net)
Group support charges (Refer note 38)
Miscellaneous expenses (Refer note 38)
<b>Total</b>

For the year ended	
March 31, 2021	March 31, 2020
2,785	2,859
2,920	3,464
353	467
2,185	2,871
590	759
184	234
571	506
577	526
277	1,007
3,179	7,322
-	23
169	260
14,047	12,276
5,756	6,843
<b>33,593</b>	<b>39,417</b>

**32 Income tax expense**

**(a) Income tax expense**

<b>Current tax</b>
Current income tax charged
Adjustments for current tax of prior years
<b>Total current tax expense</b>

For the year ended	
March 31, 2021	March 31, 2020
14,039	19,403
850	(1,274)
<b>14,889</b>	<b>18,129</b>

<b>Deferred tax (Refer Note 17)</b>
Decrease in deferred tax liabilities (net)
<b>Total deferred tax expense / (benefit)</b>
<b>Income tax expense</b>

(1,750)	(5,323)
<b>(1,750)</b>	<b>(5,323)</b>
<b>13,139</b>	<b>12,806</b>



**SMR AUTOMOTIVE SYSTEMS USA INC**  
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**(b) Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate**

	For the year ended	
	March 31, 2021	March 31, 2020
Profit before income tax expense	53,511	65,032
Tax at applicable tax rate of 21%	11,237	13,657
Effect of tax credits (net of uncertain tax position)	(1,549)	(5,114)
Local and additional income taxes	976	3,317
Adjustments for tax of prior periods	850	(1,274)
Tax effect of temporary differences (previously) not recognised and write off	1,322	2,127
Others	303	93
	<b>13,139</b>	<b>12,806</b>

The Company is a part of a tax group of entities which includes SMR Automotive Systems USA Inc, SMR Automotive Vision System Operations USA Inc, SMP Automotive Systems Alabama Inc, and SMR Automotive Mirror International USA Inc (referred as "tax group"). SMR Automotive Vision System Operations USA Inc files a consolidated tax return on behalf of the tax group and utilizes the tax attributes covering operating losses, dividend income, etc pertaining to respective entities within the tax group. All entities including the Company records intercompany receivable or payable respectively at each reporting date to account for such utilization of the tax attributes.



### 33 Earnings per share

	March 31, 2021	March 31, 2020
a) <b>Basic and Diluted</b>		
Net profit after tax available for equity Shareholders	40,372	52,226
Weighted average number of equity shares	7,500	7,500
Basic and diluted earnings per share	5.383	6.963

The Company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same. Further, Additional paid-in share capital has not been considered for the purpose of EPS determination. Refer Note 15 for details.

### 34 Employee Contribution Plans

The Company contributes towards defined contribution plans as per which fixed contributions are made by the Company and employees. The Company's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to these contributions was USD 1,514 thousand (March 31, 2020: USD 1,615 thousand) which is presented under the head "Employee benefit expenses".

### 35 Fair value measurements

#### Financial instruments by category at amortised cost

	March 31, 2021	March 31, 2020	April 1, 2019
<b>Financial assets</b>			
Trade receivable	12,799	7,865	21,559
Loans	20,349	28,358	11,351
Cash and cash equivalents	1,055	7,997	6,252
Other financial assets	12,688	13,212	15,698
<b>Total financial assets</b>	<b>46,891</b>	<b>57,432</b>	<b>54,860</b>
<b>Financial liabilities</b>			
Borrowings	10,000	-	-
Lease liabilities	282	565	814
Trade payables	44,251	51,549	49,311
Other financial liabilities	7,813	19,599	2,378
<b>Total financial liabilities</b>	<b>62,346</b>	<b>71,713</b>	<b>52,503</b>

#### (i) Fair value hierarchy

Financial assets and liabilities measured at amortized cost as at March 31, 2021

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trade receivable	-	-	12,799	12,799
Loans	-	-	20,349	20,349
Cash and cash equivalents	-	-	1,055	1,055
Other financial assets	-	-	12,688	12,688
<b>Total financial assets</b>	-	-	<b>46,891</b>	<b>46,891</b>
<b>Financial liabilities</b>				
Borrowing	-	-	10,000	10,000
Lease liabilities	-	-	282	282
Trade payables	-	-	44,251	44,251
Other financial liabilities	-	-	7,813	7,813
<b>Total financial liabilities</b>	-	-	<b>62,346</b>	<b>62,346</b>

Financial assets and liabilities measured at amortized cost as at March 31, 2020

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trade receivable	-	-	7,865	7,865
Loans	-	-	28,358	28,358
Cash and cash equivalents	-	-	7,997	7,997
Other financial assets	-	-	13,212	13,212
<b>Total financial assets</b>	-	-	<b>57,432</b>	<b>57,432</b>
<b>Financial liabilities</b>				
Borrowing	-	-	-	-
Lease liabilities	-	-	565	565
Trade payables	-	-	51,549	51,549
Other financial liabilities	-	-	19,599	19,599
<b>Total financial liabilities</b>	-	-	<b>71,713</b>	<b>71,713</b>



Financial assets and liabilities measured at amortized cost as at April 1, 2019

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trade receivable	-	-	21,559	21,559
Loans	-	-	11,351	11,351
Cash and cash equivalents	-	-	6,252	6,252
Other financial assets	-	-	15,698	15,698
<b>Total financial assets</b>	-	-	54,860	54,860
<b>Financial liabilities</b>				
Borrowing	-	-	-	-
Lease liabilities	-	-	814	814
Trade payables	-	-	49,311	49,311
Other financial liabilities	-	-	2,378	2,378
<b>Total financial liabilities</b>	-	-	52,503	52,503

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

## (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

## 36 Financial risk management

The Company in its capacity as an active supplier for the automobile industry is exposed to various risks. The regulations, instructions, implementation rules and, in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risks in which the Company is exposed to and how it manages the risks:

### A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market price/ rate. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits and payables/ receivables in foreign currencies.

#### a. Price risk

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the Company in its various products segment. Substantial pricing pressure from major OEMs to give price cuts and inability to pass on the increased cost to customers may also affect the profitability of the Company. The Group has set up Global Sourcing Procurement (GSP) at Sharjah which gives leverage of bulk buying and helps in controlling prices to a certain extent.

The main inputs for the Company's business are glass actuators, powerfolds, glass, electrochromatic glass ("EC glass"), wiring harnesses, electronics, electrical parts, die casting, plastic parts and resins. The Company has arrangements with its major customers for passing on the price impact.

The Company is regularly taking initiatives like VA-VE ( value addition, value engineering ) to reduce its raw material costs to meet targets set up by the customers for cost downs. In respect of customer nominated parts, the Company has back to back arrangements for cost savings with its suppliers.



**b. Foreign currency risk**

The exchange variations has mainly impacted the imports but however the Company has arrangements with its customers for passing on the exchange impact on import purchase. However, given the size of the operations and the ability to adjust customer prices for commodities, the cost of managing exposure to commodity price risk through the use of hedging would exceed any potential benefits.

**Particular of unhedged foreign exposure as at the reporting date (Net exposure to foreign currency risk)**

	March 31, 2021		March 31, 2020		April 1, 2019	
	Amount in Foreign currency	Amount in USD	Amount in Foreign currency	Amount in USD	Amount in Foreign currency	Amount in USD
<b>Trade payables</b>						
EUR	1,737	2,037	2,047	2,258	1,264	1,417

**Foreign currency sensitivity on unhedged exposure**

1% increase / decrease in foreign exchange rates will have the following impact on profit before tax:

	March 31, 2021	March 31, 2020	April 1, 2019
Increase by 1% in forex rate	(20)	(23)	(13)
Decrease by 1% in forex rate	20	23	13

**c. Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company does not currently have any financial liabilities linked to the market interest rates.

**B. Credit risk**

The credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

**Trade receivables**

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are major automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default and impairment.

**C. Liquidity risk**

The liquidity risk encompasses any risk that the Company cannot fully meet its financial obligations. To manage the liquidity risk, cash flow forecasting is performed in the operating divisions of the Company and aggregated by Company finance. The Company's finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities / overdraft facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

**(i) Financing arrangements**

There are no undrawn borrowing facilities at the end of the reporting period.

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative and derivative financial liabilities:

Year ended March 31, 2021	Upto 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>				
Borrowings	3,312	6,688	-	10,000
Trade payables	44,251	-	-	44,251
Lease liabilities	168	114	-	282
Other financial liabilities	7,207	606	-	7,813
<b>Total non-derivatives liabilities</b>	<b>54,938</b>	<b>7,408</b>	<b>-</b>	<b>62,346</b>





(All amounts in USD'000, unless otherwise stated)

Year ended March 31, 2020	Upto 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>				
Borrowings	-	-	-	-
Trade payables	51,549	-	-	51,549
Lease liabilities	362	203	-	565
Other financial liabilities	19,259	340	-	19,599
<b>Total non-derivatives liabilities</b>	<b>71,170</b>	<b>543</b>	<b>-</b>	<b>71,713</b>
<b>As on April 1, 2019</b>				
<b>Non-derivatives</b>				
Borrowings	-	-	-	-
Trade payables	49,311	-	-	49,311
Lease liabilities	382	432	-	814
Other financial liabilities	2,156	222	-	2,378
<b>Total non-derivatives liabilities</b>	<b>51,849</b>	<b>654</b>	<b>-</b>	<b>52,503</b>

### 37 Capital Management

#### (a) Risk management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital by monitoring profitability ratios. The Company has been earning profits over the years.

Further, the Group monitors Net Debt to EBITDA ratio i.e. Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs).

Considering the Group strategy, the Company ensures that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

	March 31, 2021	March 31, 2020**
Net Debt*	8,945	-
EBITDA	65,653	-
<b>Net Debt to EBITDA</b>	<b>0.14</b>	<b>-</b>

\* Lease liabilities recognised as per Ind AS 116 is not included in Net Debt (Refer Note 44).

\*\* There was no borrowings as on March 31, 2020. Thus, Net Debt and EBITDA has been considered as zero in the above disclosure

#### (b) Dividends

##### On Equity shares of USD 10 each Dividend

	March 31, 2021	March 31, 2020
Amount of dividend paid	45,400	65,292
Dividend per equity share	6.053	8.706

#### (c) Distribution made

##### Cash dividends on equity shares declared and paid

	March 31, 2021	March 31, 2020
Cash dividend paid during the year	45,400	54,411

\* During the year ended March 31, 2020, the Company has settled trade receivables from its Intermediate holding Company, SMR Automotive Vision System Operations USA Inc, of USD 10,881 thousand with dividend paid during the year.



SMR AUTOMOTIVE SYSTEMS USA INC

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38 Related Party Disclosures

a. Entities with control over the entity

- 1 Holding company: SMR Automotive Mirror International USA Inc.
- 2 Ultimate holding company: Motherson Sumi Systems Limited

b. Entities where common control exists

- 1 MSSL Mauritius Holdings Limited
- 2 Motherson Electrical Wires Lanka Pvt. Ltd.
- 3 MSSL Mideast (FZE)
- 4 MSSL (S) Pte Ltd.
- 5 Motherson Innovations Tech Limited
- 6 Samvardhana Motherson Polymers Ltd.
- 7 MSSL (GB) Limited
- 8 Motherson Wiring System (FZE)
- 9 MSSL GmbH
- 10 MSSL Tooling (FZE)
- 11 Samvardhana Motherson Invest Deutschland GmbH
- 12 MSSL Advanced Polymers s.r.o
- 13 Motherson Techno Precision GmbH
- 14 MSSL s.r.l Unipersonale
- 15 Motherson Techno Precision México, S.A. de C.V
- 16 MSSL Australia Pty Ltd
- 17 MSSL Ireland Pvt. Ltd.
- 18 Global Environment Management (FZC)
- 19 Motherson Elastomers Pty Limited
- 20 Motherson Investments Pty Limited
- 21 MSSL Global RSA Module Engineering Limited
- 22 MSSL Japan Limited
- 23 Vacuform 2000 (Proprietary) Limited.
- 24 MSSL México, S.A. De C.V.
- 25 MSSL WH System (Thailand) Co., Ltd
- 26 MSSL Korea WH Limited
- 27 MSSL Consolidated Inc., USA
- 28 MSSL Wiring System Inc., USA
- 29 Alphabet de Mexico, S.A. de C.V.
- 30 Alphabet de Mexico de Monclova, S.A. de C.V.
- 31 Alphabet de Saltillo, S.A. de C.V.
- 32 MSSL Wirings Juarez S.A. de C.V.
- 33 MSSL Manufacturing Hungary Kft
- 34 Motherson Air Travel Pvt. Ltd.
- 35 MSSL Estonia WH OÜ
- 36 Samvardhana Motherson Global Holdings Ltd.
- 37 Samvardhana Motherson Automotive Systems Group B.V.
- 38 Samvardhana Motherson Reflectec Group Holdings Limited
- 39 SMR Automotive Technology Holding Cyprus Ltd.
- 40 SMR Automotive Holding Hong Kong Limited
- 41 SMR Automotive Systems France S. A.
- 42 SMR Automotive Mirror Technology Holding Hungary KFT
- 43 SMR Patents S.a.R.L.
- 44 SMR Automotive Technology Valencia S.A.U.
- 45 SMR Automotive Mirrors UK Limited
- 46 SMR Automotive Systems India Limited
- 47 SMR Automotive Beijing Company Limited
- 48 SMR Automotive Yancheng Co. Limited
- 49 SMR Automotive Mirror Systems Holding Deutschland GmbH
- 50 SMR Holding Australia Pty Limited
- 51 SMR Automotive Australia Pty Limited
- 52 SMR Automotive Mirror Technology Hungary BtT
- 53 SMR Automotive Modules Korea Ltd
- 54 SMR Automotive Beteiligungen Deutschland GmbH
- 55 SMR Hyosang Automotive Ltd.
- 56 SMR Automotive Mirrors Stuttgart GmbH
- 57 SMR Automotive Systems Spain S.A.U.



SMR AUTOMOTIVE SYSTEMS USA INC

Notes to the Special Purpose IND AS Financial Statements

(All amounts in USD'000, unless otherwise stated)

- 58 SMR Automotive Vision Systems Mexico S.A. de C.V.
- 59 SMR Grundbesitz GmbH & Co. KG
- 60 SMR Automotive Brasil LTDA
- 61 SMR Automotive System (Thailand) Limited
- 62 SMR Automotives Systems Macedonia Dooel Skopje
- 63 SMR Automotive Operations Japan K.K.
- 64 SMR Automotive (Langfang) Co. Ltd.
- 65 SMR Mirrors UK Ltd
- 66 SMR Automotive Vision System Operations USA Inc
- 67 SMR Automotive Mirror Parts and Holdings UK Ltd.
- 68 Samvardhana Motherson Peguform GmbH
- 69 SMP Automotive Interiors (Beijing) Co. Ltd
- 70 SMP Deutschland GmbH
- 71 SMP Logistik Service GmbH
- 72 SMP Automotive Solutions Slovakia s.r.o
- 73 Changchun Peguform Automotive Plastics Technology Co. Ltd
- 74 Foshan Peguform Automotive Plastics Technology Co. Ltd.
- 75 SMP Automotive Technology Management Services (Changchun) Co. Ltd.
- 76 SMP Automotive Technology Iberica S.L
- 77 Samvardhana Motherson Peguform Barcelona S.L.U
- 78 SMP Automotive Technologies Teruel Sociedad Limitada
- 79 Samvardhana Motherson Peguform Automotive Technology Portugal S.A
- 80 SMP Automotive Systems Mexico S.A. de C.V
- 81 SMP Automotive Produtos Automotivos do Brasil Ltda.
- 82 SMP Automotive Exterior GmbH
- 83 Samvardhana Motherson Innovative Autosystems B.V. & Co. KG
- 84 Samvardhana Motherson Innovative Autosystems Holding Company BV
- 85 SM Real Estate GmbH
- 86 Samvardhana Motherson Innovative Autosystems de México, S.A. de C.V
- 87 SMP Automotive Systems Alabama Inc.
- 88 Motherson Innovations Company Limited
- 89 Motherson Innovations Deutschland GmbH
- 90 Samvardhana Motherson Global (FZE)
- 91 SMR Automotive Industries RUS Limited Liability Company
- 92 Celulosa Fabril (Cefa) S.A.
- 93 Modulos Ribera Alta S.L. Unipersonal
- 94 Motherson Innovations Lights GmbH & Co KG
- 95 Motherson Innovations Lights Verwaltungs GmbH
- 96 PKC Group Oy
- 97 PKC Wiring Systems Oy
- 98 PKC Group Poland Sp. z o.o.
- 99 PKC Wiring Systems LLC
- 100 PKC Group APAC Limited
- 101 PKC Group Canada Inc.
- 102 PKC Group USA Inc.
- 103 PKC Group Mexico S.A. de C.V.
- 104 Project del Holding S.a.r.l.
- 105 PK Cables do Brasil Ltda
- 106 PKC Eesti AS
- 107 TKV-sarjat Oy
- 108 PKC SEGU Systemelektrik GmbH
- 109 Groclin Luxembourg S.à r.l.
- 110 PKC Vehicle Technology (Suzhou) Co., Ltd.
- 111 AEES Inc.
- 112 PKC Group Lithuania UAB
- 113 PKC Group Poland Holding Sp. z o.o.
- 114 OOO AEK
- 115 Kabel-Technik-Polska Sp. z o.o.
- 116 AEES Power Systems Limited partnership
- 117 T.I.C.S. Corporation
- 118 Fortitude Industries Inc.
- 119 AEES Manufactura, S. De R.L. de C.V.
- 120 Cableados del Norte II, S. de R.L. de C.V.



SMR AUTOMOTIVE SYSTEMS USA INC

Notes to the Special Purpose IND AS Financial Statements

(All amounts in USD'000, unless otherwise stated)

- 121 Manufacturas de Componentes Electricos de Mexico S. de R.L. de C.V.
- 122 Arneses y Accesorios de México, S. de R.L. de C.V.
- 123 Asesoria Mexicana Empresarial, S. de R.L. de C.V.
- 124 Arneses de Ciudad Juarez, S. de R.L. de C.V.
- 125 PKC Group de Piedras Negras, S. de R.L. de C.V.
- 126 PKC Group AEES Commercial S. de R.L. de C.V.
- 127 Jiangsu Huakai-PKC Wire Harness Co., Ltd.
- 128 PKC Vehicle Technology (Hefei) Co. Ltd.
- 129 Shangdong Huakai-PKC Wire Harness Co. Ltd.
- 130 Shenyang SMP Automotive Plastic Component Co. Ltd.
- 131 Tianjin SMP Automotive Component Company Limited
- 132 SMRC Automotive Holdings B.V.
- 133 SMRC Automotive Holdings Netherlands B.V.
- 134 SMRC Automotives Techno Minority Holdings B.V.
- 135 SMRC Smart Automotive Interior Technologies USA, LLC
- 136 SMRC Automotive Modules France SAS
- 137 Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U.
- 138 SMRC Automotive Interiors Spain S.L.U.
- 139 SMRC Automotive Interior Modules Croatia d.o.o
- 140 Samvardhana Motherson Reydel Autotecc Morocco SAS
- 141 SMRC Automotive Technology RU LLC
- 142 SMRC Smart Interior Systems Germany GmbH
- 143 SMRC Automotive Interiors Products Poland SA
- 144 SMRC Automotive Solutions Slovakia s.r.o.
- 145 SMRC Automotive Holding South America B.V.
- 146 SMRC Automotive Modules South America Minority Holdings B.V.
- 147 SMRC Automotive Tech Argentina S.A.
- 148 SMRC Fabricação e Comércio de Produtos Automotivos do Brasil Ltda
- 149 SMRC Automotive Products India Limited
- 150 SMRC Automotive Interiors Management B.V. (liquidated w.e.f. March 24, 2021)
- 151 SMRC Automotive Smart Interior Tech (Thailand) Ltd.
- 152 SMRC Automotive Interiors Japan Ltd.
- 153 Shanghai SMRC Automotive Interiors Tech Consulting Co. Ltd.
- 154 PT SMRC Automotive Technology Indonesia
- 155 Yujin SMRC Automotive Techno Corp.
- 156 SMRC Automotives Technology Phil Inc.
- 157 Motherson Innovations LLC, USA
- 158 Motherson Ossia Innovations LLC, USA
- 159 Samvardhana Motherson Corp Management Shanghai Co Ltd.
- 160 Motherson Rolling Stock Systems GB Ltd.
- 161 Motherson PKC Harness Systems FZ-LLC
- 162 Wisetime Oy
- 163 Re-time Pty Limited
- 164 Motherson Sumi Wiring India Limited
- 165 SMP Automotive Interior Modules d.o.o. Čuprija, Serbia
- 166 Motherson Rolling Stocks S. de R.L. de C.V.
- 167 Shenyang SMP Automotive Trim Co., Ltd., China
- 168 Motherson Business Service Hungary Kft
- 169 PKC Vehicle Technology (Fuyang) Co., Ltd.
- 170 Motherson Polymers Compounding Solution Limited (merged with Motherson Sumi Systems Limited on September 30, 2020)
- 171 MSSL M Tooling Ltd (liquidated w.e.f. 30.10.2020)
- 172 Samvardhana Motherson Polymers Management Germany GmbH (merged with MSSL GmbH on August 30, 2019)
- 173 PKC Netherlands Holding B.V. (Liquidated on July 31, 2019)
- 174 PK Cables Nederland B.V. (Liquidated on July 31, 2019)
- 175 SMR Automotive Servicios Mexico S.A. de C.V. (liquidated on July 2, 2019)

c. Other related parties

- 1 Samvardhana Motherson International Limited
- 2 Motherson Auto Ltd.
- 3 Motherson Sumi Infotech and Designs Limited
- 4 MSID US Inc
- 5 Saks Ancillaries Limited
- 6 Motherson Air Travel Agency GmbH



**SMR AUTOMOTIVE SYSTEMS USA INC****Notes to the Special Purpose IND AS Financial Statements****(All amounts in USD'000, unless otherwise stated)**

- 7 Motherson Auto Engineering Service Ltd.
- 8 Samvardhana Motherson Virtual Analysis Ltd.
- 9 Motherson Advanced Tooling Solutions Ltd
- 10 Anest Iwata Motherson Limited
- 11 Anest Iwata Motherson Coating Equipment Pvt Ltd
- 12 Motherson Consultancies Service Limited
- 13 Samvardhana Motherson Auto Component Pvt. Ltd.
- 14 Matsui Technologies India Limited
- 15 Kyungshin Industrial Motherson Private Limited
- 16 Calsonic Kansei Motherson Auto Products Private Limited
- 17 Motherson Air Travel Agencies Limited
- 18 Samvardhana Motherson Auto System Pvt. Ltd.
- 19 MS Global India Automotive Private Limited
- 20 Samvardhana Motherson Adsys Tech Limited
- 21 MothersonSumi Infotekk And Designs GmbH
- 22 MothersonSumi Infotech And Designs SG Pte Ltd
- 23 MothersonSumi Infotech And Designs KK
- 24 Motherson Infotek Designs Mid East FZ-LLC
- 25 Motherson Infotech and Solutions UK Limited, U.K.
- 26 SMI Consulting Technologies Inc
- 27 Motherson Information Technologies Spain S.L.U.
- 28 Motherson Sintermetal Technology Ltd.
- 29 Motherson Sintermetal Technology B.V.
- 30 Motherson Sintermetal Products S.A.
- 31 Samvardhana Motherson Innovative solutions Limited (erst Tiger connect)
- 32 Motherson Machinery and Automations Ltd.
- 33 Samvardhana Motherson Finance Services Cyprus Ltd.
- 34 Samvardhana Motherson Refrigeration Product Ltd. (Zanotti Refrigeration)
- 35 Samvardhana Motherson Holding (M) Pvt. Ltd. Mauritius
- 36 Motherson Invenzen XLab Pvt. Ltd.
- 37 Motherson Moulds and Diecasting Ltd.
- 38 Samvardhana Motherson Health Solution Limited
- 39 Samvardhana Motherson Global Carriers Limited
- 40 Samvardhana Motherson Hamakyorex Engineered Logistics Ltd. (erst 4PL Value)
- 41 Samvardhana Motherson Maadhyam International Limited
- 42 Samvardhana Employees Welfare Trust
- 43 Motherson Techno Tools Ltd.
- 44 Motherson Techno Tools Mideast (FZE)
- 45 CTM India Limited.
- 46 Hubei Zhengao PKC Automotive wiring Company Ltd.
- 47 Eissmann SMP Automotive Interieur Slovensko s.r.o.
- 48 Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd.
- 49 Chongqing SMR Huaxiang Automotive Products
- 50 Tianjin SMR Huaxiang Automotive Part Co. Limited
- 51 Valeo Motherson Thermal Commercial Vehicle India Ltd. (formerly Spheros)
- 52 Nissin Advanced Coating Indo Co. Pvt. Ltd.
- 53 Fritzmeier Motherson Cabin Engineering Pvt. Ltd.
- 54 Marelli Motherson Automotive Lighting India Private Ltd.
- 55 Marelli Motherson Auto Suspension Parts Pvt Ltd
- 56 AES (India) Engineering Ltd.
- 57 Frigel Intelligent Cooling Systems India Pvt. Ltd.
- 58 Motherson Bergstrom HVAC Solutions Pvt. Ltd.
- 59 Youngshin Motherson Auto Tech Limited

**d. Key Managerial Personnel**

- 1 Mr. Rajat Jain
- 2 Mr. Sukant Gupta
- 3 Mr. Sai Tatineni
- 4 Mr. Char Zawadzinski
- 5 Mr. Sri Alapati
- 6 Mr. John Jesionowski





(All amounts in USD'000, unless otherwise stated)

Key management personnel compensation

	March 31, 2021	March 31, 2020
Short term employee benefits	1,605	1,745

Transactions with related parties

S.No.	Particulars	Holding and Ultimate holding company		Entities where common control exists		Other related parties		Total	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	Sale of services	195	209	5,927	7,734	797	42	6,919	7,985
2	Purchase of Goods	-	-	49,341	54,787	-	25	49,341	54,812
3	Group Support Charges	29	-	14,018	12,276	-	-	14,047	12,276
4	Miscellaneous Expenses	-	-	251	500	870	777	1,121	1,277
5	Dividend paid	45,400	65,292	-	-	-	-	45,400	65,292
6	Interest Income	-	-	33	2	-	-	33	2
7	Loans given during the year	5,400	-	12,000	17,000	-	-	17,400	17,000
8	Loans received back during the year	5,400	-	20,000	-	-	-	25,400	-

Outstanding balances as at year end

S.No.	Particulars	Holding and Ultimate holding company		Entities where common control exists		Other related parties		Total	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	Trade Payables	-	-	8,364	7,854	154	139	8,518	7,993
2	Other Payables	-	-	3,579	13,611	-	-	3,579	13,611
3	Trade Receivables	24	28	1,232	969	438	97	1,694	1,094
4	Other Receivables	-	-	-	-	-	-	-	-
5	Interest Receivable	-	-	14	2	-	-	14	2
6	Loans Receivable	-	-	20,349	28,349	-	-	20,349	28,349



### 39 Segment Information

The Company is primarily in the business of manufacture and sale of components to automotive original equipment manufacturers.

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker "CODM" of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments. The Company has monthly review and forecasting procedure in place and CODM reviews the operations of the Company as a whole, hence there are no reportable segments as per Ind AS 108 "Operating Segments".

#### Disaggregated information

	March 31, 2021	March 31, 2020
i) Revenue from external customers		
United States	344,889	401,877
Outside United States	18,450	33,719
	<b>363,339</b>	<b>435,596</b>
ii) Type of goods or Services		
Sales of components	353,016	417,258
Tool development	9,305	17,291
Sale of services	7,937	9,032
	<b>370,258</b>	<b>443,581</b>
iii) Timing of revenue recognition		
At a point in time	360,953	426,290
Over a period of time	9,305	17,291
	<b>370,258</b>	<b>443,581</b>
iv) Capital expenditure	6,683	7,186
v) Revenues from transactions with a single external customer amounting to 10 percent or more of the Company's revenues is as follows:		
	March 31, 2021	March 31, 2020
Customer 1	122,812	130,469
Customer 2	76,980	90,201
Customer 3	62,880	75,255
Customer 4	52,863	59,404
Customer 5	37,123	53,497

### 40 Capital and other Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	March 31, 2021	March 31, 2020	April 1, 2019
<b>Property, Plant and equipment and Intangible Assets</b>			
Estimated value of contracts in capital account remaining to be executed, (net of advances of USD 358 thousand (March 31, 2020: USD 2,015 thousand; April 1, 2019: USD 1,242	2,720	3,407	2,561

### 41 Litigation with Magna Mirrors

In the earlier years, a litigation proceeding was initiated against the Company alleging infringement of patents relating to side-view mirrors for automobiles in the United States District Court for the Western District of Michigan. The matter is under judicial proceedings. The Company has engaged an independent lawyer and based on its assessment, management does not expect any potential cash outflow in the case. Therefore, management has not created any provision in the books based on the merits of the case.



**42 Assets pledged as security**

The carrying amount of following assets of the Company are pledged as security for borrowings of Samvardhana Motherson Automotive Systems Group BV. (an entity where common control exist):

**Carrying amount of assets pledged as security**

	March 31, 2021	March 31, 2020	April 1, 2019
<b>Current:</b>			
Inventories	12,156	10,819	9,405
Trade receivable	12,799	7,865	21,559
Cash and cash equivalents	1,055	7,997	6,252
Loans	20,349	28,358	11,351
Other current assets	13,592	13,612	16,513
<b>Total current assets pledged as security</b>	<b>59,951</b>	<b>68,651</b>	<b>65,080</b>
<b>Non-Current:</b>			
Property, plant and equipment	55,643	58,726	65,857
Capital work in progress	2,080	3,199	425
Intangible assets	463	429	349
Intangible assets under development	688	624	135
Other non current assets	1,067	2,473	1,912
<b>Total non-current assets pledged as security</b>	<b>59,941</b>	<b>65,451</b>	<b>68,678</b>
<b>Total assets pledged as security</b>	<b>119,892</b>	<b>134,102</b>	<b>133,758</b>

**43 Ind AS 115 Revenue from contracts with customers**

Effective April 1, 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers', with a modified retrospective approach. The management has evaluated the implications of implementation of new standard on its revenue and has made appropriate adjustments to these results where significant.

The transaction price allocated to the remaining performance obligations related to tool development (unsatisfied or partially unsatisfied) are, as follows:

	March 31, 2021	March 31, 2020
Within one year	4,628	5,928
More than one year	1,046	1,512
<b>Total</b>	<b>5,674</b>	<b>7,440</b>

Table below provides information on revenue recognised from :

	March 31, 2021	March 31, 2020
Amounts included in contract liabilities at the beginning of the year	-	-
Performance obligations partly satisfied in previous years	4,961	3,883

The table below represents summary of contract assets and liabilities relating to contracts with customers:

	March 31, 2021	March 31, 2020
Receivables	12,799	7,865
Contract assets (Unbilled revenue)	12,360	12,969



#### 44 Leases

The Company elected to apply Ind AS 116, Leases, with effect from April 01, 2019, using the modified retrospective method. The Company assesses each lease contract and if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Company recognised right to use assets and lease liabilities for those lease contracts except for short-term lease and lease of low-value assets.

The Company has leases contracts for building, plant & machinery, computers and vehicles. These lease arrangements for buildings are for a period upto 7 years, plant & machinery and computers are for a period upto 5 years and vehicles are for a period upto 7 years. The Company also has certain leases of machinery, computers, vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right to use assets and lease liabilities is given below:

	March 31, 2021	March 31, 2020	April 1, 2019
Right to use assets	273	547	814
Current lease liabilities	168	362	382
Non current lease liabilities	114	203	432

#### Amount recognised in statement of profit and loss during the year on account of Ind AS 116

	March 31, 2021	March 31, 2020
Interest expense on lease liabilities (included in finance cost)	18	27
Depreciation of right of use assets	397	372
Lease expense derecognised	419	381
<b>Other items included in statement of profit and loss during the year:</b>		
Short term and low value lease payments	184	234

#### 45 Offsetting Financial Assets and Financial Liabilities

The Company does not have any offsetting financial assets and liabilities.

#### 46 First Time Adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2021, the comparative information presented in these financial statements for the year ended March 31, 2020 and preparation of an opening Ind AS balance sheet at April 01, 2019 (the Company's date of transition).

In previous years, management had prepared the financial information of the Company which was used for the purpose of consolidated financial statements prepared under Ind AS, of its ultimate holding company, namely Motherson Sumi Systems Limited. However, no complete set of separate financial statements had been issued until now. Therefore, these financial statements are considered as "First time Ind AS" adopted financial statements in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards. Hence there are no reconciliation items to be presented with the previous GAAP as on the date of transition.

For the purpose of preparing these Ind AS financial statements, the Company has elected to measure all its assets and liabilities at the values which were reported in the consolidated financial statements prepared under Ind AS, of its ultimate holding company, namely Motherson Sumi Systems Limited System Limited, by availing the "Deemed Cost" exemption as per Para D16 of Ind AS 101, as per which if a subsidiary becomes a first-time adopter of Ind AS later than its parent company, it is permitted to measure its assets and liabilities at the same amounts that were included in Parent's consolidated financial statements for the same period.



**47 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

The Company's operations for the year ended March 31, 2021 have been impacted partially by the outbreak of COVID-19 pandemic and the consequent lockdown announced by federal and state governments, due to which the operations were suspended for a large part of first quarter of the financial year and resumed gradually with prescribed regulations and precautions and reached upto the pre-pandemic outbreak levels. Accordingly, the financial statements for the year ended March 31, 2021 are not strictly comparable with those of previous years.

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers; (ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Company concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets and liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**48 Amounts appearing as zero "0" in financial are below the rounding off norm adopted by the Company**

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E / E300005

*Pankaj*

per Pankaj Chadha

Partner

Membership No.: 091813



For and on behalf of the Board

*Rajat Jain*

Rajat Jain

Director and President

*Sukant Gupta*

Sukant Gupta

Director

*John Jesionowski*

John Jesionowski

Finance and IT Director

Place: Gurugram, India

Date: 24 Aug 2021

Date: 24 Aug 2021

Date: 24 Aug 2021