

SMRC Automotive Holding South America B.V.

Amsterdam

Annual report 2020/2021

SMRC Automotive Holdings Netherlands B.V.
Hoogoorddreef 15
1101 BA Amsterdam
The Netherlands

Registered with the Dutch trade register under file number 64292223

Annual report 2020/2021

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1. FINANCIAL STATEMENTS

1.1 Balance sheet as at 31 March 2021

(Before result appropriation)

		31 March 2021		31 March 2020	
ASSETS		USD	USD	USD	USD
Fixed Assets					
Financial fixed assets	[1]				
Investment in participations		<u>16,750,200</u>	16,750,200	<u>14,250,200</u>	14,250,200
Current assets					
Trade and other receivables					
Receivables from participations		-		534	
Taxes		<u>51</u>	51	<u>49</u>	583
Cash and cash equivalents	[2]		76,274		76,229
Total Assets			<u>16,826,525</u>		<u>14,327,012</u>

EQUITY AND LIABILITIES		31 March 2021		31 March 2020	
		USD	USD	USD	USD
Shareholders' equity	[3]				
Issued share capital		112		112	
Share premium		18,903,741		7,043,253	
Other reserves		(1,811,561)		(1,418,555)	
Undistributed result		<u>(335,137)</u>		<u>(393,006)</u>	
			16,757,155		5,231,804
Long-term liabilities	[4]				
Debts to shareholders and related parties		<u>-</u>		<u>9,055,856</u>	
			-		9,055,856
Current liabilities	[5]				
Trade creditors		343		13,668	
Debts to group companies		<u>69,027</u>		<u>25,684</u>	
			69,370		39,352
Total equity and liabilities			<u>16,826,525</u>		<u>14,327,012</u>

1.2 Profit and loss account 2020/2021

		2020/2021		2019/2020	
		USD	USD	USD	USD
General expenses	[6]	<u>938</u>		<u>15,925</u>	
Total operating expenses			938		15,925
Operating result			<u>(938)</u>		<u>(15,925)</u>
Financial income and expenses					
Interest income and similar revenues	[7]	15,327		19,568	
Interest expense and similar charges	[8]	<u>(325,190)</u>		<u>(396,649)</u>	
Financial result			(309,864)		(377,081)
Other income and expenses					
Taxation			<u>(24,336)</u>		<u>-</u>
Result on ordinary activities			(335,137)		(393,006)
Net result			<u><u>(335,137)</u></u>		<u><u>(393,006)</u></u>

1.3 Notes to the financial statements

General

SMRC Automotive Holding South America B.V. (the "Company") previously referred to as Reydel Automotive South America B.V. is a private company with limited liability, incorporated in Amsterdam, the Netherlands under Dutch law on 7 October, 2015. The Company has its registered offices at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands and is registered with the Dutch Chamber of Commerce under file number 64292223.

Activities

The principal business objective of the Company is to act as a finance and holding company. During the year, the Company acted as a finance and holding company.

Staff members

During the financial year 2020/2021 an average of nil employees have been in service on the basis of a fulltime employment. In the financial year 2019/2020 this average was nil.

Group structure

The Company is part of the SMRC Automotive Group, a privately held portfolio company of Motherson Group. Motherson Sumi Systems Limited (MSSL) acquired the SMRC Automotive Group through Samvardhana Motherson Automotive System Group B.V. (SMRPBV) at 2 August 2018.

Comparison with previous year

The principles of valuation and determination of the result remained unchanged in comparison with the previous year. The 2020/2021 financial year begins at 1 April 2020 and ends at 31 March 2021.

Consolidation

Consolidated financial statements are not presented as the Company has availed itself of the exemption provisions of article 2:408 paragraph 1 of the Dutch Civil Code. Accordingly, the consolidated financial statements of Samvardhana Motherson Automotive System Group B.V. (SMRPBV) for the year 2020/2021, which include the financial data of the Company and its directly or indirectly controlled subsidiaries, will be filed with the Chamber of Commerce in Amsterdam.

Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party.

Also, entities which can control the Company are considered a related party. In addition, statutory directors, other key management of the Company [or the ultimate parent company] and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as these are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under article 2:362 of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.3 Notes to the financial statements

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

General

The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. The functional currency of the Company is USD.

The Company qualifies as a small sized entity. Therefore, based on article 396 Book 2 of the Netherlands Civil Code, exemptions apply to the figures, presentation and disclosures in the Company's financial statements.

Translation of foreign currencies

Transactions in currencies other than the Company's reporting currency, are accounted for at the exchange rates prevailing at the date of the transactions. Assets and liabilities denominated in currencies other than the Company's reporting currency are translated at year-end exchange rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in other currencies, are recognized in the profit and loss account. Non-monetary balance sheet items, which are valued at cost and resulting from transactions in foreign currencies, are translated at the rate prevailing on the date of the transaction.

Year-end exchange rates equivalent of USD 1:

	March 31, 2021	March 31, 2020
EUR	0.85266	0.9067

Financial fixed assets

Investment in participations

The Company applies article 2:408 of the Dutch Civil Code and makes use of the option to value its investments at cost.

Subsidiaries or investments in associates are minimally stated at zero unless the Company is fully or partially liable for the debts of the subsidiary or associate, or has the firm intention to pay these debts. In that case a provision is formed.

If the value of an investment stated at cost is lower than its cost price, this valuation is adjusted accordingly, provided that the management considers this to be a permanent diminution in value.

1.3 Notes to the financial statements

Impairment of financial assets

A financial asset that is not stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortized cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortized cost (loan and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those individually significant assets found not to be specifically impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. Losses resulting from a receivable which is considered impaired or uncollectible, are recognized in the profit and loss account and reflected in an allowance account against loans and receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognized in the profit and loss as financial income or expense.

Share premium

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (income above par).

Other reserves

Gains or losses on participations due to conversion of the therein invested capital and the result from the revaluation of the invested capital to the currency in which the entity prepares its financial statements are added to or deducted from the currency translation reserve. Exchange differences on loans entered into to hedge exchange rate risk of foreign holdings also are added to deducted from this reserve.

Long-term and current liabilities and other financial commitments

Long-term and current liabilities and other financial commitments are stated after their initial recognition at amortized cost on the basis of the effective interest rate method.

Redemption payments regarding long-term liabilities that are due next year, are presented under current liabilities.

1.3 Notes to the financial statements

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Profit or loss is determined as the difference between the income generated from the financial assets and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized. Costs are determined on a historical basis and are attributed to the reporting year to which they are related to.

Financial income and expenses

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Share in result of participating interests

For participations valued at cost, the associated dividend income is accounted for in the profit and loss as dividend income.

Taxation

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. A provision for deferred tax liabilities is recognized for taxable temporary differences. For deductible temporary differences, unused loss carry forwards and unused tax credits, a deferred tax asset is recognized, but only in so far as it is probable that taxable profits will be available in the future for offset or compensation.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is recognized when the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

1.4 Notes to the balance sheet

ASSETS

FIXED ASSETS

Financial fixed assets [1]

Investment in participations

The participations in group companies for the financial year ending 31st of March 2021 have been divided as follows:

Name	Statutory place of business	Share in capital	Equity in accordance with last financial statements	Result in accordance with last financial statements
		%	USD	USD
SMRC Automotive Tech Argentina S.A.	Buenos Aires	95.03	9,742,321	110,434
SMRC Fabricação e Comercio de Produtos Automotivos do Brasil Ltda.	Guarulhos	99.99	6,915,982	(480,999)
			<u>31 March 2021</u>	<u>31 March 2020</u>
			USD	USD
Investment in participations				
SMRC Automotive Tech Argentina S.A.			8,750,300	6,250,300
SMRC Fabricação e Comercio de Produtos Automotivos do Brasil Ltda.			<u>7,999,900</u>	<u>7,999,900</u>
			16,750,200	14,250,200
			<u>2020/2021</u>	<u>2019/2020</u>
			USD	USD
<i>SMRC Automotive Tech Argentina S.A.</i>				
Opening balance			6,250,300	4,600,000
Capital injection			<u>2,500,000</u>	<u>1,650,300</u>
Closing balance			<u><u>8,750,300</u></u>	<u><u>6,250,300</u></u>

CURRENT ASSETS

Cash and cash equivalents [2]

Current account bank	<u>76,274</u>	<u>76,229</u>
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The balance of the cash and cash equivalents is available to the Company without any restrictions.

1.4 Notes to the balance sheet

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY [3]

	31 March 2021	31 March 2020
	USD	USD
Issued share capital		
Closing balance	112	112

The authorized share capital amounts to EUR 100 and consists of 10,000 ordinary shares of EUR 0.01 each. Issued and paid in share capital amounts to EUR 100 and consists of 10,000 ordinary shares with a nominal value of EUR 0.01 each.

	31 March 2021	31 March 2020
	USD	USD
Share premium		
Opening balance	7,043,253	5,392,953
Share premium increase	11,860,488	1,650,300
Closing balance	18,903,741	7,043,253

Other reserves		
Opening balance	(1,418,555)	(684,479)
Result prior period	(393,006)	(734,076)
Closing balance	(1,811,561)	(1,418,555)

Undistributed result		
Opening balance	(393,006)	(734,076)
From proposal profit appropriation	(335,137)	(393,006)
Appropriation result prior year	393,006	734,076
Closing balance	(335,137)	(393,006)

Proposed appropriation of result for the financial year ending 31 March 2021

The loss for the financial year 2020/2021 in the amount of USD 335,137 is charged to the undistributed result.

1.4 Notes to the balance sheet

LONG-TERM LIABILITIES [4]

	31 March 2021	31 March 2020
	USD	USD
Debts to shareholders and related parties		
Debt to related company	-	9,055,856

	2020/2021	2019/2020
	USD	USD
<i>Loan from SMRC Automotive Holding B.V.</i>		
Opening balance	9,055,856	9,259,207
Settlement	(9,381,047)	(600,000)
Accrued interest	325,190	396,649
Closing balance	-	9,055,856

The loan was settled as of 17th of February 2021.

CURRENT LIABILITIES [5]

	2020/2021	2019/2020
	USD	USD
Trade creditors		
Creditors	343	13,668

Debts to group companies

Current account SMRC Automotive Netherlands Holding B.V.	69,027	25,684
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	2020/2021	2019/2020
	USD	USD
Current account SMRC Automotive Netherlands Holding B.V.		
Opening balance	25,684	22,334
Movement during year	43,343	3,350
Closing balance	69,027	25,684

The current account represents as short term loan for local expenses on behalf of the company. The current account bears no interest.

Off balance sheet assets and liabilities

Conditional obligations and important financial obligations

As at 31 March 2021, the company has no off balance sheet commitments.

1.5 Notes to the profit and loss account

	<u>2020/2021</u> USD	<u>2019/2020</u> USD
General expenses [6]		
Administrative charges		
Legal charges		15,891
Tax advisory expenses	18	34
Bank charges	334	-
Other general expenses	585	-
	<u>938</u>	<u>15,925</u>

Financial income and expenses

Interest income and similar revenues [7]

Interest income banks		5,498
Foreign currency exchange income	15,327	14,070
	<u>15,327</u>	<u>19,568</u>

Interest expenses and similar charges [8]

Interest to SMRC Automotive Holdings B.V.	325,190	396,649
Foreign currency exchange expense	<u>325,190</u>	<u>396,649</u>

Subsequent events

The financial impact of the Coronavirus (COVID-19) on the company has been assessed at the date of authorization of the financial statements. Given the size of the company, nature of activities and realization of assets and liabilities there is a limited (immaterial) expected impact on the financial statements and quantifying this is impracticable.

With the exception of these events and considerations, no other post balance sheet events affecting the financial statements or related disclosures have occurred to date.

Amsterdam, May 2021

The Board of Directors



A. Heuser

A. Bhakri

J.M. Buit

R.M.T. de Cuba