

**SMRC Automotive Holdings Netherlands 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 60670274

## Annual report 2020/2021

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## **1. FINANCIAL STATEMENTS**

**1.1 Balance sheet as at 31 March 2021**

(Before result appropriation)

ASSETS	31 March 2021		31 March 2020	
	EUR	EUR	EUR	EUR
<b>Fixed Assets</b>				
<i>Intangible fixed assets</i>	[1]			
Concessions, licences and intellectual properties				
		<u>2,090,728</u>	<u>1,063,321</u>	
		2,090,728		1,063,321
<i>Financial fixed assets</i>	[2]			
Investment in participations		109,579,761	90,536,302	
Loan to participating interest		<u>25,284,148</u>	<u>53,542,672</u>	
		134,863,909		144,078,974
<b>Current assets</b>				
<i>Receivables and prepayments</i>				
Group accounts receivable		10,766,254	11,828,018	
Taxes		1,700,502	1,626,877	
Prepayments		<u>2,108,617</u>	<u>2,654,720</u>	
Receivables and prepayments	[3]	14,575,373		16,109,615
<i>Cash and cash equivalents</i>	[4]	1,635,345		1,827,630
<b>Total Assets</b>		<u><u>153,165,355</u></u>	<u><u>163,079,540</u></u>	

**1.1 Balance sheet as at 31 March 2021**

(Before result appropriation)

<b>EQUITY AND LIABILITIES</b>	31 March 2021		31 March 2020	
	EUR	EUR	EUR	EUR
<b>Shareholders' equity</b>	[5]			
Issued share capital		2,500		2,500
Share premium		71,500,085		71,500,085
Other reserves		1,043,398		5,466,338
Undistributed result		<u>(2,677,158)</u>		<u>(7,191,554)</u>
		69,868,825		69,777,369
<b>Current liabilities</b>	[6]			
Group accounts payable		78,527,328		88,620,822
Taxes				
Third party accounts payable		2,737,762		2,825,524
Other liabilities, accruals and deferred income		<u>2,031,440</u>		<u>1,855,825</u>
		83,296,530		93,302,171
<b>Total equity and liabilities</b>		<u>153,165,355</u>		<u>163,079,540</u>

1.2 Profit and loss account for the year ending 31 March 2021

	2020/2021		2019/2020	
	EUR	EUR	EUR	EUR
Net turnover		903,660		(6,413,091)
Costs of sales		<u>3,606,195</u>		<u>1,677,546</u>
<b>Gross operating result</b>	[7]	<u>(2,702,536)</u>		<u>(8,090,637)</u>
<b>Financial income and expenses</b>				
Interest income and similar revenues	[8]	2,048,199		628,923
Interest expense and similar charges	[9]	<u>(2,815,306)</u>		<u>(929,029)</u>
<b>Financial result</b>		(767,107)		(300,106)
Result on ordinary activities before taxation		<u>(3,469,642)</u>		<u>(8,390,743)</u>
Divestment	[10]	78,626		
Taxation	[11]	(233,379)		(447,978)
Share in result from participations	[12]	947,238		1,647,167
<b>Result of the year</b>		<u><u>(2,677,158)</u></u>		<u><u>(7,191,554)</u></u>

## 1.3 Notes to the financial statements

### General

SMRC Automotive Holdings Netherlands B.V. (the "Company"), previously referred to as Reydel Automotive B.V., is a private company with limited liability, incorporated in Amsterdam, the Netherlands under Dutch law on 13 May 2014. 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 60670274.

### Activities

The Company provides services to group companies including but not limited to new product design, development and engineering, support and administrative services. The Company concluded cost sharing agreements with its group companies under which incurred expenses are shared within the group.

### Staff members

The company is operated on a day to day basis by its board of directors which include 2 independent Dutch residing directors who are remunerated in the form of sitting fees. These day-to-day activities were supported by qualified professionals working for an independent service organization based out of the Netherlands. The company together with other related parties, also shared employment costs of certain Dutch employees involved in the operations of the Company.

### 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) on 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 2019/2020 financial year began at 1 April 2019 and ended at 31 March 2020. 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, the Board of Managing Directors and other key management of the Company or (indirect) shareholders of the Company and close relatives thereof, are regarded as related parties.

### 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 financial statements are prepared under the historical cost convention and presented in euros ("EUR"), being the functional currency of the Company.

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 currency**

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.

Balance sheets of foreign entities held are translated into the Company's reporting currency at exchange rates ruling on March 31, and their income statements and cash flows are translated at average rates for the year. Exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designed as hedges of such investments, are recorded directly as currency translation differences within shareholder's equity. When a foreign entity is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

#### **Intangible fixed assets**

Intangible assets are stated at historical cost less accumulated amortization and impairment losses.

#### **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. For determining the carrying value, any impairments are taken into account.

##### *Loans and other receivables*

Loans and other receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the loan or 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. When a loan or receivable is considered uncollectible, it is written off against the allowance account for receivables.



## 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).

### Long-term and current liabilities and other financial commitments

On initial recognition non-current liabilities are recognized at fair value. Transaction costs which can be directly attributed to the acquisition of the non-current liabilities are included in the initial recognition. After initial recognition non-current liabilities are recognized at amortized cost, being the amount received taking into account premiums or discounts and subtracting transaction costs. The difference between carrying value and the redemption value upon maturity is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the non-current liabilities.

When the valuation at amortized cost does not materially differ from face value, the Company uses the exception of Dutch Accounting Standard 273.201 which stipulates that, in determining amortized cost, straightline amortization is allowed provided that this does not result in significant discrepancies with the effective interest method.

### **1.3 Notes to the financial statements**

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the face value.

#### **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 realizable value of the goods delivered and services rendered, 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.

##### **Net Turnover**

Net turnover comprises the net amount from the cost sharing activities and thus consists of the expenses and recharges related to the provision of new product design, development and engineering and related activities as well as support and administrative services. For turnover related to the company's function as principal net turnover comprises of cost of sales + a mark-up of 5%. Net turnover is recognized in proportion to the services delivered after deduction of discounts and exclusive of value added tax.

##### **Cost of sales**

Cost of sales represents the company's own expenses which are recharged to group companies with a mark-up.

##### **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**

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

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.

1.4 Notes to the balance sheet

ASSETS

FIXED ASSETS

**Intangible fixed assets [1]**

A summary of the movements of intangible fixed assets for the financial year 2020/2021 is given below:

	Concessions, licenses and intellectual properties
	<u>EUR</u>
Bookvalue as of 1 April 2020	1,063,321
Increases	1,027,407
Decreases	
Bookvalue as of 31 March 2021	<u><u>2,090,728</u></u>

**Financial fixed assets [2]**

	<u>31 March 2021</u>	<u>31 March 2020</u>
	EUR	EUR
<b>Investment in participations</b>		
Investment in participations	<u>109,579,761</u>	<u>90,536,302</u>

	<u>2020/2021</u>	<u>2019/2020</u>
	EUR	EUR
<i>Investment in participations</i>		
Opening balance	90,536,302	89,040,652
Increase in participations	20,281,770	1,495,650
Decrease in participations	(1,238,310)	
Closing balance	<u><u>109,579,761</u></u>	<u><u>90,536,302</u></u>

	<u>31 March 2021</u>	<u>31 March 2020</u>
	EUR	EUR
<b>Loans to group and related companies</b>		
Loans to group and related companies	<u>25,284,148</u>	<u>53,542,672</u>
	<u><u>25,284,148</u></u>	<u><u>53,542,672</u></u>

1.4 Notes to the balance sheet

	<u>2020/2021</u>	<u>2019/2020</u>
	EUR	EUR
Loan to group and related companies		
Opening balance	53,542,672	4,944,682
Additions	5,550,000	48,381,218
Repayments	(34,260,213)	(301,585)
Exchange difference	(277,320)	111,836
	<u>24,555,139</u>	<u>53,136,151</u>
Interest	729,009	406,521
Closing balance	<u>25,284,148</u>	<u>53,542,672</u>

**CURRENT ASSETS**

**Receivables and prepayments [3]**

	<u>31 March 2021</u>	<u>31 March 2020</u>
	EUR	EUR
Receivables from group and related companies	<u>10,766,254</u>	<u>11,828,018</u>

**Taxes**

Value added tax	779,026	705,402
Corporate income tax	209,235	209,235
Withholding tax	712,241	712,240
	<u>1,700,502</u>	<u>1,626,877</u>

Prepayments	<u>2,108,617</u>	<u>2,654,720</u>
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**Cash and cash equivalents [4]**

Cash and cash equivalents	<u>1,635,345</u>	<u>1,827,630</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 [5]

	31 March 2021	31 March 2020
	EUR	EUR
<b>Issued share capital</b>		
Closing balance	2,500	2,500

The authorized share capital amounts to EUR 250,000 and consists of 250,000 ordinary shares of EUR 0.01 each. Issued and paid in share capital amounts to EUR 2,500 and consists of 250,000 ordinary shares with a nominal value of EUR 0.01 each.

	2020/2021	2019/2020
	EUR	EUR
<b>Share premium</b>		
Opening balance	71,500,085	71,500,085
Additions		
Dividend payments		
Closing balance	71,500,085	71,500,085

	2020/2021	2019/2020
	EUR	EUR
<b>Other reserves</b>		
Opening balance	5,466,338	(19,417,667)
From proposal profit appropriation	(7,191,554)	24,884,005
Other movements	2,768,614	
Closing balance	1,043,398	5,466,338

<b>Undistributed result</b>		
Opening balance	(7,191,554)	24,884,005
From proposal profit appropriation	(2,677,158)	(7,191,554)
Appropriation result prior year	7,191,554	(24,884,005)
Closing balance	(2,677,158)	(7,191,554)

**Proposed appropriation of result for the financial year 2020/2021**

The result for the financial year 2020/2021 in the amount of EUR -2,677,158 is charged to the undistributed result.

The board of directors proposes to the general meeting that the result for the financial year 2020/2021 amounting to EUR -2,677,158 should be transferred to reserves.

This proposal has not yet been processed in the annual report.

## 1.4 Notes to the balance sheet

## CURRENT LIABILITIES [6]

	31 March 2021	31 March 2020
	EUR	EUR
<b>Group accounts payable</b>		
Group accounts payable through Cost Sharing Scheme	1,285,687	5,810,812
Debt to SMRC Automotive Spain	16,385,650	28,104,550
Debt to SMRC Automotive Germany	5,611,100	6,009,000
Debt to SMRC Automotive Holdings	9,897,359	2,120,219
Debt to SMRC Automotive Modules France SAS	45,347,532	46,576,241
	<u>78,527,328</u>	<u>88,620,822</u>

	2020/2021	2019/2020
	EUR	EUR
<b>Debt to SMRC Affiliates</b>		
Opening balance	82,810,010	25,016,250
Loan principal movement	(6,380,137)	57,528,821
Repayments interest	(387,600)	(421,780)
	<u>76,042,273</u>	<u>82,123,291</u>
Interest	1,199,369	686,719
Closing balance	<u>77,241,642</u>	<u>82,810,010</u>

The Company maintained multiple loan agreements with inter-companies from Spain, France, Germany and the Netherlands for an aggregate amount of EUR 76 million. The interest on the Facility per annum are EURIBOR + 1,70 percent / +1,80 percent / +1,90 percent depending on the case.

**Other debts**

Third parties accounts payable	1,743,998	2,104,950
Related parties accounts payable	993,763	720,574
	<u>2,737,762</u>	<u>2,825,524</u>

## 1.4 Notes to the balance sheet

### Off balance sheet assets and liabilities

#### Conditional obligations

##### *Guarantees*

The Company acts as guarantor with respect to the cash pool facility provided by its participation SMRC Automotive Techno Minority Holdings B.V. The Company shall reimburse any cash pool participant for the funds provided by that participant should the other cash pool party not be able to meet its payment obligations. The total outstanding cash pool balance (and therefore the maximum exposure to the Company) as at 31 March 2021 is EUR 35,551,616 (31 March 2020: EUR 29,653,711).

The Company's bank issued a rent surety on behalf of the Company for the benefit of the landlord of the Company's German participation. The surety amounts to EUR 13,320 and expires 21 April 2022.

## 1.5 Notes to the profit and loss account

	2020/2021 EUR	2019/2020 EUR
<b>Net turnover [7]</b>	<u>903,660</u>	<u>(6,413,091)</u>
<b>Cost of sales</b>	<u>3,606,195</u>	<u>1,677,546</u>
<b>Financial income and expenses</b>		
<b>Interest income and similar revenues [8]</b>		
Interest income on loans	728,907	406,521
Interest income banks		4,420
Foreign Currency exchange income	<u>1,319,293</u>	<u>217,982</u>
	<u>2,048,199</u>	<u>628,923</u>
<b>Interest income and similar revenues [8]</b>		
Interest expenses on loans	1,201,251	686,719
Financing costs		84,223
Foreign Currency exchange income	<u>1,614,055</u>	<u>158,087</u>
	<u>2,815,306</u>	<u>929,029</u>
<b>Divestment [10]</b>		
Book value of investment sold	<u>78,626</u>	<u>78,626</u>
	<u>78,626</u>	<u>78,626</u>
<b>Taxation [11]</b>		
Corporate income tax current year		
Corporate income tax previous years		(125,000)
Withholding tax	<u>233,379</u>	<u>572,978</u>
	<u>233,379</u>	<u>447,978</u>
<b>Share in result from participations [12]</b>		
Distributions from participations not measured at net asset value	<u>947,238</u>	<u>1,647,167</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