# MSSL Global RSA Module Engineering Limited

*(Registration No. 2009/010528/06)*

# Annual Financial Statements

*for the year ended 31 March 2019*

The financial statements of MSSL Global RSA Module Engineering Limited have been audited in compliance with S30 of the Companies Act.

These annual financial statements for the year ended 31 March 2019 were published on __________________ 2019.

## General information

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Nature of business and principal activities** | Manufacturing of moulded parts |
| **Directors** | VC Sehgal<br>B Dhar<br>A Pillay |
| **Registered address** | 7 Forbes Street<br>Midstream Estate<br>Ekurhuleni<br>1692 |
| **Business address** | Plot D1A, Automotive Supplier Park<br>30 Helium Road<br>Rosslyn Ext 2<br>Pretoria<br>0200 |
| **Postal address** | PO Box 2660<br>Brooklyn Square<br>Pretoria<br>0002 |
| **Holding company** | MSSL Mauritius Holdings Limited<br>Incorporated in Mauritius |
| **Ultimate holding company** | Motherson Sumi Systems Limited<br>Incorporated in India |
| **Bankers** | State Bank of India<br>Standard Bank of South Africa |
| **Auditors** | Ernst & Young Inc |
| **Secretary** | YS Rademan |
| **Company registration number** | 2009/010528/06 |
| **Level of assurance** | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa. |
| **Preparer** | The annual financial statements were independently compiled under the supervision of EM Taylor CA (SA) |

## Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

## Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the year end and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances are above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year ending 31 March 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The annual financial statements set out on pages 8 to 45which have been prepared on the going concern basis, were approved by the directors on 03 Aug'2019 and are signed on its behalf by:

**Director**
**V C Sehgal**

**Director**
**A Pillay**

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# REPORT OF INDEPENDENT AUDITORS

To the Shareholders of MSSL Global RSA Module Engineering Ltd

## Report on the audit of the Annual Financial Statements

*Opinion*

We have audited the annual financial statements of MSSL Global RSA Module Engineering Ltd set out on pages 8 to 45, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the 45-page document titled "MSSL Global RSA Module Engineering Limited Annual Financial Statements for the year ended 31 March 2019", which includes General information, a Directors; responsibility statement and the Directors' report as required by the Companies Act of South Africa. The other information does not include the annual financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Annual Financial Statements*

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Annual Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young Inc.
Director – Dawid Petrus Venter
Registered Auditor
Chartered Accountant (SA)

15 August 2019

## Directors' Report

The Directors submit their report for the year ended 31 March 2019.

### 1. Incorporation

The company was incorporated in South Africa on 29 May 2009 and obtained a certificate to commence business on the same day.

### 2. Review of activities

**Main business and operations**

The company is engaged in manufacturing of moulded parts and operates principally in South Africa.
Profit of the company was R152 635 343 (2018: R94 070 364 profit), after taxation of R55 569 044 (2018: R37 509 668).

| | |
|---|---|
| **Registered office** | 7 Forbes Street<br>Midstream Estate<br>Ekurhuleni<br>1692 |
| **Other division address** | No 2, Wilcox Road<br>Prospection<br>Isipingo<br>Durban<br>4113 |
| **Business address** | Plot D1A, Automotive Supplier Park<br>30 Helium Road<br>Rosslyn Ext 2<br>Pretoria<br>0200 |
| **Postal address** | PO Box 2660<br>Brooklyn Square<br>Pretoria<br>0075 |

### 3. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### 4. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the reporting period that would materially impact the annual financial statements.

### 5. Directors' interest in contracts

The directors have no interest in contracts for the current period under review.

### 6. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

### 7. Dividends

A dividend of R120 000 000 was declared on 10 December 2018 and paid 15 December 2018. (2018: R75 000 000)

### 8. Directors

The directors of the company during the year and to the date of this report are as follows:

| Name | Nationality |
|---|---|
| V C Sehgal | Australian |
| B Dhar | Australian |
| A Pillay | South African |

### 9. Secretary

The secretary of the company is YS Rademan.

| | |
|---|---|
| **Business address** | 7 Forbes Street<br>Midstream Estate<br>1692 |
| **Postal address** | PO Box 2660<br>Brooklyn Square<br>Pretoria<br>0075 |

### 10. Holding company

The company's holding company is MSSL Mauritius Holdings Limited incorporated in Mauritius.

### 11. Ultimate holding company

The company's ultimate holding company is Motherson Sumi Systems Limited incorporated in India.

### 12. Auditors

Ernst & Young Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa.

### 13. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

**MSSL Global RSA Module Engineering Limited**
**(Registration Number: 2009/010528/06)**
**Annual Financial Statements for the year ended 31 March 2019**

## Statement of Financial Position as at 31 March 2019

| | Note | 31 March 2019 R | 31 March 2018 R |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *4* | 411 085 468 | 434 252 099 |
| Intangible assets | *5* | - | 204 649 |
| | | 411 085 468 | 434 456 748 |
| **Current assets** | | | |
| Inventories | *6* | 40 571 398 | 53 377 523 |
| Trade and other receivables | *7* | 224 656 964 | 200 354 307 |
| Cash and cash equivalents | *8* | 116 168 398 | 116 937 674 |
| Current tax receivable | | 18 878 568 | 245 855 |
| | | 400 275 328 | 370 915 359 |
| **Total assets** | | 811 360 796 | 805 372 107 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | *10* | 60 000 000 | 60 000 000 |
| Retained income | | 221 495 757 | 188 860 414 |
| | | 281 495 757 | 248 860 414 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans from group companies | *11* | 160 750 000 | 160 750 000 |
| Deferred Tax | *12* | 44 367 671 | 35 523 219 |
| | | 205 117 671 | 196 273 219 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | 152 207 083 | 178 334 745 |
| Deferred income | *15* | 172 540 285 | 181 171 448 |
| Current tax payable | | - | 732 281 |
| | | 324 747 368 | 360 238 474 |
| **Total Liabilities** | | 529 865 039 | 556 511 694 |
| **Total equity and liabilities** | | 811 360 796 | 805 372 107 |

## Statement of Comprehensive Income

| | Note | 31 March 2019 R | 31 March 2018 R |
|---|---|---|---|
| Revenue | *16* | 1 093 533 043 | 963 175 292 |
| Cost of sales | *17* | (641 213 987) | (589 843 614) |
| **Gross profit** | | 452 319 056 | 373 331 678 |
| Other income | *18* | 42 103 856 | 35 899 280 |
| Operating expenses | *19* | (275 106 648) | (264 774 736) |
| **Operating profit** | | 219 316 264 | 144 456 222 |
| Investment revenue | *20* | 5 198 178 | 7 690 408 |
| Finance costs | *21* | (16 310 056) | (20 566 598) |
| **Profit before taxation** | | 208 204 386 | 131 580 032 |
| Income tax expense | *22* | (55 569 043) | (37 509 668) |
| **Profit for the year** | | 152 635 343 | 94 070 364 |
| | | | |
| **Earnings per share** | | | |
| **Per share information** | | | |
| Basic earnings per share | | 2.54 | 1.57 |

## Statement of Changes in Equity

| | Share capital R | Retained income R | Total R |
|---|---|---|---|
| **Balance as at 31 March 2017** | 60 000 000 | 169 790 050 | 229 790 050 |
| Total comprehensive profit for the year | - | 94 070 364 | 94 070 364 |
| Dividend paid | | (75 000 000) | (75 000 000) |
| **Balance as at 31 March 2018** | 60 000 000 | 188 860 414 | 248 860 414 |
| Total comprehensive profit for the year | - | 152 635 343 | 152 635 343 |
| Dividend paid | | (120 000 000) | (120 000 000) |
| **Balance as at 31 March 2019** | 60 000 000 | 221 495 757 | 281 495 757 |

## Statement of Cash Flows

| | Note | 31 March 2019 R | 31 March 2018 R |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | *24.1* | 226 208 698 | 231 383 158 |
| Interest income | | 5 198 178 | 7 444 553 |
| Finance cost | | (16 310 056) | (20 566 598) |
| Taxation paid | *24.2* | (66 089 585) | (41 095 099) |
| Net cash from operating activities | | 149 007 235 | 177 166 014 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant, and equipment | *4* | (29 253 493) | (21 433 631) |
| Additions to intangible assets | *5* | - | (409 298) |
| Disposal of property, plant and equipment | *4* | - | 1 089 585 |
| Net cash from investing activities | | (29 253 493) | (20 753 344) |
| **Cash flows from financing activities** | | | |
| Repayment of long-term loans | | - | (68 862 200) |
| Dividend paid | | (120 000 000) | (75 000 000) |
| Net cash from financing activities | | (120 000 000) | (143 862 200) |
| **Total cash, cash equivalents and bank overdrafts movement for the year** | | (246 258) | 12 550 470 |
| Cash, cash equivalents and bank overdrafts | | 116 937 674 | 105 924 703 |
| Effect of exchange rate movement on cash balances | | (523 018) | (1 537 499) |
| **Total cash, cash equivalents and bank overdrafts at end of the year** | *8* | 116 168 398 | 116 937 674 |

## Accounting policies

### 1. Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

**Significant judgements include:**

**Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

**Trade receivables**

The company assessed its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

**Residual values and useful lives of plant and equipment**

The directors reviewed the residual values, useful lives and carrying amount of its plant and equipment to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The directors judged a residual value of zero as a result of the fact that furniture and equipment are held for trading and are normally scrapped.

**Impairment testing**

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared for expected future cash flows for each group of assets.

**Accounting policies**

**1.1 Significant judgements and sources of estimation uncertainty (Continued)**

**Provisions**

Provisions were raised, and management determined an estimate based on the information available.

**1.2 Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspections are derecognised.

Land is not depreciated. Property, plant and equipment is depreciated on the straight-line basis over its expected useful lives to the estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items or property, plant and equipment have been assessed as follows:

| Item | Average useful life |
|---|---|
| Buildings | 20 years |
| Plant and equipment | 10 years |
| Furniture and fittings | 6 years |
| Office equipment | 10 years |
| Generators | 10 years |
| Computer equipment | 3 years |
| Moulds and dies | 6.17 years |
| Electrical installation | 10 years |
| Factory equipment | 10 years |

Capital work in progress is reflected at cost and is only depreciated once available for use as intended by management.

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

**Accounting policies**

### 1.2 Property, plant and equipment (Continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### 1.3 Intangible Assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the
- cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life, after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

| Item | Useful life |
| --- | --- |
| Computer software | 2 years |

## Accounting policies

### 1.4 Financial instruments

**Classification**

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

**Initial recognition and measurement**

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

**Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

**Loans to and from group companies**

These include loans from the holding company and is recognised initially at fair value plus direct transaction costs.

Loans from group companies are classified as financial liabilities measured at amortised cost.

**Accounting policies**

## 1.4 Financial instruments (Continued)

### Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

### Trade and other receivables

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

## 1.5 Income tax

### Current income tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred income tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**Accounting policies**

### 1.5 Income tax (Continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Income tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 1.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realizable 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

### 1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Accounting policies**

### 1.9 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a re-valued asset is treated as a revaluation increase.

### 1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income during the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

**Accounting policies**

### 1.10 Government grants (Continued)

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

### 1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service), are recognised in the period on which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.12 Provisional and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 1.13 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

**Accounting policies**

### 1.13 Revenue (Continued)

Revenue is earned from two separate revenue streams:

**1) Tooling revenue**

The Company applies the 'percentage of completion method' to determine the appropriate amount to recognize in a given period. The Company determines the stage of completion on the basis of milestones achieved to date. When the outcome of a contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable. The company does not recognize profit on booking of such revenue ("Zero profit margin method") the costs include all expenses incurred in direct relation to the specific projects and a proportion of the fixed and variable general costs incurred on the basis of normal capacity for the Company's contracts. On the balance sheet, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**Deferred revenue**

Deferred revenue is earned from the sale of tools to contract customers. The deferred revenue is recognised per the conditions and terms as set out in the customer contracts. Balances will be transferred from deferred revenue to revenue on the passing of risks and rewards to the contract customers per the revenue recognition criteria above.

**2) Component revenue**

Component revenue is earned from the manufacture and supply of motor vehicle components to the various contract customers. The risks and rewards of ownership are transferred to the customer on delivery of the components to the customers' premises.

All recognition criteria are applied when accounting for both revenue streams per the conditions above.

Interest is recognised, in profit or loss, using the effective interest rate method.

### 1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

**Accounting policies**

### 1.14 Borrowing costs (Continued)

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.15 Translation of foreign currencies

**Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the ultimate holding company's board of directors that makes strategic decisions.

**Notes to the annual financial statements**

## 2. New Standards and Interpretations

### 2.1 Standards and Interpretations

**These standards and interpretations will have an immaterial effect on the above financial statements except where otherwise noted.**

**New pronouncements applicable to the 31 March 2019 year-end**

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

The following new and amended IFRSs did not have any impact on the accounting policies, financial position or performance of the Company:

| Title | Effective date (annual periods beginning on or after) |
|---|---|
| *IFRS 16 Leases* | 1 Jan 2019 |
| *IFRIC Interpretation 23 Uncertainty over Income Tax Treatments* | 1 Jan 2019 |
| *Prepayment Features with Negative Compensation - Amendments to IFRS 9* | 1 Jan 2019 |
| *Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28* | 1 Jan 2019 |
| *Plan Amendment, Curtailment or Settlement - Amendments to IAS 19* | 1 Jan 2019 |
| *AIP IFRS 3 Business Combinations - Previously held Interests in a joint operation* | 1 Jan 2019 |
| *AIP IFRS 11 Joint Arrangements - Previously held Interests in a joint operation* | 1 Jan 2019 |
| *AIP IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity* | 1 Jan 2019 |
| *AIP IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation* | 1 Jan 2019 |

The adoption of the above standards and/or interpretations did not have any material impact on the financial statements.

### 2.2 Standards issued but not yet effective

The Company expects that adoption of these standards, amendments and interpretations will in most cases not have any significant impact on the Company's financial position or performance in the period of initial application.

Standards issued, but not yet effective are listed below:

| Title | Effective date (annual periods beginning on or after) |
|---|---|
| *IFRS 17 Insurance Contracts* | 1 Jan 2021 |
| *Conceptual Framework for Financial Reporting* | 1 Jan 2020 |

Note: An entity shall apply the amendments for annual periods beginning on or after 1 January 2020.
If an entity applies the standard for an earlier period, these amendments shall be applied for that earlier period.

**Notes to the annual financial statements**

**3. Risk management**

**Capital risk management**

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

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 13, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratios.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratios at 2019 were as follows:

| | Note | March 2019 R | March 2018 R |
|---|---|---|---|
| Loans from group companies | 11 | 160 750 000 | 160 750 000 |
| | | 160 750 000 | 160 750 000 |
| Less: Cash and cash equivalents | 8 | 116 168 398 | 116 937 674 |
| **Net debt** | | 44 581 602 | 43 812 326 |
| Total equity | | 281 495 757 | 248 614 559 |
| **Total capital** | | 326 077 359 | 292 426 885 |
| Gearing ratio | | 13.67% | 14.86% |

The decrease in gearing ratio is due to increase in equity by R32 881 197 (current year profit 2019: R152 635 343 and increase in Net Debt R769 276.

**Financial risk management**

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.
The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by a central treasury department (group treasury) under policies approved by the ultimate holding company's board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**Notes to the annual financial statements**

**3. Risk management (Continued)**

**Liquidity risk**

Cash flow forecasting is performed in the operating segments of the company and aggregated by company finance. Company 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 at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements — for example, currency restrictions.

The table below analyses the company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

| **As at 31 March 2019** | **Less than 1 year** | **Between 1 and 5 years** |
|---|---|---|
| Borrowings | - | 160 750 000 |
| Trade and other payables | 152 207 083 | - |

| **As at 31 March 2018** | **Less than 1 year** | **Between 1 and 5 years** |
|---|---|---|
| Borrowings | - | 160 750 000 |
| Trade and other payables | 173 353 698 | - |

**Interest rate risk**

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The cash received from borrowings is managed to ensure funds are invested in a manner to achieve maximum returns whilst minimising risks. The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on pre-tax profit of a 2% shift would be maximum increase of R 0 (2018: R Zero) or decrease of R 0 (2018: R Zero), respectively. The simulation is done on quarterly basis to verify that the maximum loss potential is within the limit given by the management

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

**Price risk**

The company is not exposed to equity securities price risk and commodity price risk, as there are no significant investments in equities.

**Foreign exchange risk**

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The company does not hedge foreign exchange fluctuations.

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 3. Risk management (Continued)

### Sensitivity analysis

The company analyses its interest rate exposure. The company calculates the impact on profit and loss by simulating scenarios of interest rate shifts. These are done only for major interest-bearing liabilities. Since the long-term borrowings were settled during the year this sensitivity would have zero effect.

The following table reflects the market value of the company's assets and liabilities at year end in other currencies.

The carrying amount of trade and other receivables are denominated in the following currencies:

| | 31 March 2019 R | 31 March 2018 R |
|---|---|---|
| Rand | 222 700 773 | 194 904 145 |
| US Dollar | 24 451 | 167 317 |
| | 222 725 224 | 195 071 462 |

The carrying amount of trade and other payables are denominated in the following currencies:

| | 31 March 2019 R | 31 March 2018 R |
|---|---|---|
| Rand | 74 270 536 | 118 121 639 |
| British Pound | - | 75 508 |
| Euro | 932 070 | 1 697 521 |
| US Dollar | 35 828 679 | 15 794 393 |
| Indian Rupee | 500 477 | 1 158 156 |
| Thai Baht | 6 306 | - |
| GBP | 192 718 | - |
| Japanese Yen | - | 355 602 |
| Australian Dollar | 418 431 | 299 646 |
| | 112 149 217 | 137 502 465 |

**Exchange rates used for conversion of foreign items were:**

| | 31 March 2019 | 31 March 2018 |
|---|---|---|
| British Pound | 18.88 | 16.57 |
| Euro | 16.25 | 14.57 |
| US Dollar | 14.49 | 11.83 |
| Indian Rupee | 0.21 | 0.18 |
| Thai Baht | 0.46 | 0.38 |
| Japanese Yen | 0.13 | 0.11 |
| GBP | 18.88 | - |
| Australian Dollar | 10.28 | - |

**Notes to the annual financial statements**

## 4. Property, plant and equipment

| 2019 | Cost R | Accumulated Depreciation R | Net book Value R |
|---|---|---|---|
| **Owned assets** | | | |
| Land | 40 073 116 | - | 40 073 116 |
| Buildings | 163 164 276 | (44 701 611) | 118 462 665 |
| Plant and equipment | 355 498 263 | (174 202 083) | 181 296 180 |
| Furniture and fittings | 3 150 619 | (1 498 882) | 1 651 737 |
| Capital work in progress | 17 810 418 | - | 17 810 418 |
| Office equipment | 1 345 624 | (452 534) | 893 090 |
| Computer equipment | 5 300 755 | (4 227 736) | 1 073 019 |
| Generators | 1 025 000 | (144 925) | 880 075 |
| Moulds and dies | 95 312 | (78 833) | 16 479 |
| Electrical installation | 31 159 284 | (17 104 923) | 14 054 361 |
| Factory equipment | 59 713 593 | (24 839 265) | 34 874 328 |
| | 678 336 260 | (267 250 792) | 411 085 468 |

| 2018 | Cost R | Accumulated Depreciation R | Net book Value R |
|---|---|---|---|
| **Owned assets** | | | |
| Land | 40 073 116 | - | 40 073 116 |
| Buildings | 163 164 275 | (36 534 201) | 126 630 074 |
| Plant and equipment | 331 143 982 | (140 058 610) | 191 085 372 |
| Furniture and fittings | 2 440 573 | (1 180 936) | 1 259 637 |
| Capital work in progress | 23 215 205 | - | 23 215 205 |
| Office equipment | 1 013 027 | (331 277) | 681 750 |
| Computer equipment | 4 607 087 | (3 360 552) | 1 246 535 |
| Generators | 1 025 000 | (42 425) | 982 575 |
| Moulds and dies | 95 312 | (64 000) | 31 312 |
| Electrical installation | 30 782 106 | (14 001 662) | 16 780 444 |
| Factory equipment | 51 523 082 | (19 257 003) | 32 266 079 |
| | 649 082 765 | (214 830 666) | 434 252 099 |

**Notes to the annual financial statements**

## 4. Property, plant and equipment (Continued)

**Reconciliation of property, plant and equipment – 2019**

| | 2018<br>R | Additions<br>R | Transfers<br>R | Depreciation<br>R | 2019<br>R |
|---|---|---|---|---|---|
| **Owned assets** | | | | | |
| Land | 40 073 116 | - | - | - | 40 073 116 |
| Buildings | 126 630 076 | - | - | (8 167 411) | 118 462 665 |
| Plant and equipment | 191 085 371 | (8 966) | 24 363 247 | (34 143 472) | 181 296 180 |
| Furniture and fittings | 1 259 638 | - | 710 045 | (317 946) | 1 651 737 |
| Capital work in progress | 23 215 205 | 37 302 339 | (42 707 126) | - | 17 810 418 |
| Office equipment | 681 750 | - | 332 596 | (121 256) | 893 090 |
| Computer equipment | 1 246 534 | - | 693 668 | (867 183) | 1 073 019 |
| Generators | 982 576 | - | - | (102 501) | 880 075 |
| Moulds and dies | 31 311 | - | - | (14 832) | 16 479 |
| Electrical installation | 16 780 444 | - | 377 177 | (3 103 260) | 14 054 361 |
| Factory equipment | 32 266 078 | - | 8 190 510 | (5 582 263) | 34 874 327 |
| | 434 252 099 | 37 293 376 | (8 039 883) | (52 420 124) | 411 085 468 |

**Reconciliation of property, plant and equipment – 2018**

| | 2017<br>R | Additions<br>R | Disposal<br>R | Transfers<br>R | Depreciation<br>R | 2018<br>R |
|---|---|---|---|---|---|---|
| **Owned assets** | | | | | | |
| Land | 40 073 116 | - | - | - | - | 40 073 116 |
| Buildings | 116 575 247 | 2 | - | 18 213 041 | (8 158 214) | 126 630 076 |
| Plant and equipment | 207 761 701 | 2 125 | (12 147) | 16 195 227 | (32 861 535) | 191 085 371 |
| Furniture and fittings | 804 815 | 245 961 | (366 459) | 802 990 | (227 669) | 1 259 638 |
| Capital work in progress | 44 887 095 | 21 035 236 | - | (42 707 126) | - | 23 215 205 |
| Office equipment | 498 279 | 78 409 | (185 689) | 390 843 | (100 092) | 681 750 |
| Computer equipment | 1 172 237 | 71 896 | (525 290) | 1 382 312 | (854 621) | 1 246 534 |
| Generators | 48 144 | - | - | 950 000 | (15 568) | 982 576 |
| Moulds and dies | 46 762 | - | - | - | (15 451) | 31 311 |
| Electrical installation | 18 405 543 | - | - | 1 333 257 | (2 958 356) | 16 780 444 |
| Factory equipment | 33 762 324 | 2 | - | 3 439 456 | (4 935 704) | 32 266 078 |
| | 464 035 263 | 21 433 631 | (1 089 585) | - | (50 127 210) | 434 252 099 |

**Details of properties**

**Erf 411, Isipingo, KwaZulu-Natal**

The property measures 200637 hectares and is registered under deed number G92/952

| | | |
|---|---|---|
| Purchase price: 24 January 2011 | 40 073 116 | 40 073 116 |

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 5. Intangible assets

**2019**

| | **Cost R** | **Accumulated Amortisation R** | **Carrying Value R** |
|---|---|---|---|
| Computer software | 4 585 814 | (4 585 814) | - |

**2018**

| | **Cost R** | **Accumulated Amortisation R** | **Carrying Value R** |
|---|---|---|---|
| Computer software | 4 585 814 | (4 381 165) | 204 649 |

**Reconciliation of Intangible assets – 2019**

| | **2018 R** | **Additions R** | **Disposals R** | **Amortisation R** | **2019 R** |
|---|---|---|---|---|---|
| Computer software | 204 649 | - | - | (204 649) | - |

**Reconciliation of Intangible assets – 2018**

| | **2017 R** | **Additions R** | **Disposals R** | **Amortisation R** | **2018 R** |
|---|---|---|---|---|---|
| Computer software | - | 409 298 | - | (204 649) | 204 649 |

## 6. Inventories

| | | |
|---|---|---|
| Raw materials, components | 21 496 966 | 26 302 350 |
| Components work in progress | 8 878 855 | 10 162 489 |
| Tooling work in progress | 1 487 338 | 8 497 331 |
| Finished goods | 8 708 239 | 8 415 353 |
| | 40 571 398 | 53 377 523 |

During the year, the company has changed the cost formula used in valuation of Inventory from 'First in First out' to 'Weighted Average' to align to the cost formula used across the group. Consequently, the Inventory balances for the year ended 31 March 2019 is higher by R 1 255 181 with consequential impact on the profit for the year.

## 7. Trade and other receivables

| | | |
|---|---|---|
| Trade receivables | 222 256 464 | 194 502 869 |
| Prepayments | 468 760 | 568 593 |
| Deposits | 1 113 129 | 1 351 734 |
| South African Revenue Services – VAT | 818 611 | 3 931 111 |
| | 224 656 964 | 200 354 307 |

| Notes to the annual financial statements | 31 March 2019 R | 31 March 2018 R |
|---|---|---|

## 7. Trade and other receivables (Continued)

**Fair value of trade and other receivables**

| | | |
|---|---|---|
| Trade and other receivables | 224 656 964 | 200 354 307 |

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. The effect of discounting is negligible. The fair values are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired.
At 31 March 2019, R1 008 837 (2018: R3 049 744) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | |
|---|---|---|
| 1 month past due | 327 631 | 1 557 351 |
| 2 months past due | 681 206 | 1 492 393 |
| Total | 1 008 837 | 3 049 744 |

## 8. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---|---|---|
| Bank balances | 116 168 398 | 116 937 674 |

Bank ratings:

| | |
|---|---|
| Standard Bank | F3 |
| Citibank | F3 |
| State Bank of India | F3 |

Cash and cash equivalents comprise of the above for the purposes of the cash flow statement.

All bank accounts are denominated in Rands.

The following facilities were noted

Standard Bank:

| | | |
|---|---|---|
| In respect of Vehicles Asset Financing | 6 037 001 | 6 002 941 |
| In respect of Credit Card | 120 000 | 120 000 |
| In respect of SB Fleet Management | 60 000 | 60 000 |

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 9. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

**Loans and receivables**

| | | |
|---|---|---|
| Trade and other receivables – excl. VAT, prepayments deposits | 222 256 464 | 194 502 869 |
| Cash and cash equivalents | 116 168 398 | 116 937 674 |
| | 338 424 862 | 311 440 543 |

## 10. Share capital

| | | |
|---|---|---|
| **Authorised** | | |
| 60 000 000 Ordinary shares of R1 each | 60 000 000 | 60 000 000 |
| **Reconciliation of number of shares issued** | | |
| Reported at the beginning of the year | 60 000 000 | 60 000 000 |
| **Issued** | | |
| 60 000 000 Ordinary shares of R1 each | 60 000 000 | 60 000 000 |

## 11. Loans (from) group companies

**Holding company**

| | | |
|---|---|---|
| MSSL Mauritius Holdings Limited | 160 750 000 | 160 750 000 |

The loan forms part of 4 separate agreements with the following terms and conditions:

**Agreement 1**
The maximum loan amount is R 38m. Interest is due half-yearly at JIBAR plus 250 base points with a termination date of 30 June 2021 and has flexible repayment terms. The loan may be paid in whole or part earlier than the termination date.

**Agreement 2**
The maximum loan amount is R 40m. Interest is due half-yearly at JIBAR plus 250 base points with a termination date of 31 December 2021 and has flexible repayment terms. The loan may be paid in whole or part earlier than the termination date.

**Agreement 3**
The maximum loan amount is R 40m. Interest is due half-yearly at JIBAR plus 250 base points with a termination date of 31 December 2021 and has flexible repayment terms. The loan may be paid in whole or part earlier than the termination date.

**Agreement 4**
The maximum loan amount is R 50m. Interest is due half-yearly at JIBAR plus 250 base points with a termination date of 31 December 2021 and has flexible repayment terms. The loan may be paid in whole or part earlier than the term.

| | | |
|---|---|---|
| Non-current liabilities | 160 750 000 | 160 750 000 |

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 12. Deferred tax

| | | |
|---|---|---|
| **Deferred asset** | | |
| Current deferred tax asset | 2 244 180 | 1 599 937 |
| Non-current deferred tax asset | 20 502 734 | 19 524 690 |
| | 22 746 914 | 21 124 627 |
| **Deferred liabilities** | | |
| Current deferred tax liability | 19 724 023 | 13 039 739 |
| Non-current deferred tax liability | 47 390 562 | 43 608 107 |
| | 67 114 585 | 56 647 846 |
| **Deferred tax liability** | | |
| Deferred tax on fixed assets | (47 390 562) | (43 608 107) |
| Deferred tax on Section 24C allowance | (19 477 597) | (12 691 048) |
| Deferred tax on prepayments | (131 253) | (218 007) |
| Deferred tax on provision for doubtful debts | (115 173) | (130 683) |
| | (67 114 585) | (56 647 845) |
| **Reconciliation of deferred tax (liabilities)/ asset** | | |
| Balance at the beginning of the year | (35 523 219) | (38 790 791) |
| Provisions | 644 328 | (389 772) |
| Income received in advance | 978 044 | 16 550 719 |
| Section 24C allowance | (6 786 548) | (10 906 666) |
| Prepaid expenses | (37 286) | (89 697) |
| Doubtful debt provision | 15 490 | 39 651 |
| Government grants | (3 346 206) | 482 896 |
| Wear and tear allowance | (436 249) | (2 419 559) |
| Prior year adjustment | 123 975 | - |
| | 44 367 671 | 35 523 219 |

## 13. Trade and other payables

| | | |
|---|---|---|
| Trade payables | 112 149 218 | 131 040 874 |
| Accrued expenses | 36 937 881 | 44 212 719 |
| Accrued leave pays | 4 011 177 | 2 490 524 |
| Operating leases payables (including accrual) | (891 193) | 590 628 |
| | 152 207 083 | 178 334 745 |

The fair value of trade and other payables approximate their carrying value at the end of the year, due to their short-term nature.

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 14. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

**Financial liabilities at amortised cost**

| | 31 March 2019 R | 31 March 2018 R |
|---|---|---|
| Loans from group companies | 160 750 000 | 160 750 000 |
| Trade and other payables (excluding accrued leave pay) | 148 195 906 | 175 844 221 |
| | 308 945 906 | 336 594 221 |

## 15. Deferred income

**Current liabilities**

| | 31 March 2019 R | 31 March 2018 R |
|---|---|---|
| Government grant | 99 316 237 | 111 440 413 |
| Deferred tooling revenue | 73 224 048 | 69 731 035 |
| | 172 540 285 | 181 171 448 |

**Reconciliation of deferred revenue - 2019**

| | **Opening balance** | **Additions** | **Realised during the year** | **Closing balance** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Government grant | 111 440 413 | 5 402 348 | (17 526 524) | 99 316 237 |
| Deferred tooling revenue | 69 731 035 | 41 956 844 | (38 463 831) | 73 224 048 |
| | 181 171 448 | 47 532 632 | (56 163 795) | 172 540 285 |

**Reconciliation of deferred revenue - 2018**

| | **Opening balance** | **Additions** | **Realised during the year** | **Closing balance** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Government grant | 109 715 785 | 19 014 900 | (17 290 272) | 111 440 413 |
| Deferred tooling revenue | 10 621 326 | 78 816 166 | (19 706 457) | 69 731 035 |
| | 120 337 111 | 97 831 066 | (36 996 729) | 181 171 448 |

**Government grant:**

The government grant relates to the Automotive Incentive Scheme (AIS). The maximum grant is for R83 300 000 (2018: R83 300 000), assuming a projected maximum qualifying investment amount of R238 000 000 (2018: R238 000 000). The approval is conditional to meeting the requirements of the AIS. One of the requirements of the AIS, is that a claim form be submitted to the Dti for evaluation, after which the grant would be paid. As at 31 March 2019, claim 1, claim 2 and claim 3 of approval 4 were fully paid by the Dti. Claim 1, claim 2 and claim 3 of approval 5 were fully paid.

**Deferred Revenue:**
Advanced payments of up to 90% of the total contract price are received from customers during various stages of the tool's production. The final 10% payment is required upon sign-off of the completed tool. This is where risks and rewards transfer.

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|
| **16. Revenue** | | |
| Sale of goods | 1 093 533 043 | 963 175 292 |
| **Sale of goods consist of the following:** | | |
| Tooling revenue | 71 073 912 | 85 867 294 |
| Component revenue | 1 022 459 132 | 877 307 998 |
| | 1 093 533 043 | 963 175 292 |
| **17. Cost of sales** | | |
| **Cost of goods sold include the following:** | | |
| Cost of materials | 541 675 700 | 498 500 061 |
| Direct labour | 98 375 770 | 87 751 598 |
| Lease rental | 1 162 517 | 3 591 955 |
| | 641 213 987 | 589 843 614 |
| **18. Other income** | | |
| Scrap Sales | 870 035 | 702 380 |
| Miscellaneous income | 23 707 297 | 17 906 628 |
| Government grant recognized | 17 526 524 | 17 290 272 |
| | 42 103 856 | 35 899 280 |
| **19. Expenses by nature** | | |
| Consumables | 20 448 435 | 18 220 747 |
| Cost of material | 541 675 700 | 498 500 061 |
| Depreciation and amortisation | 52 624 773 | 50 331 859 |
| Employee costs and direct labour | 176 625 475 | 162 684 824 |
| Freight outward | 6 540 903 | 6 003 267 |
| Lease rentals on operating lease rental | 3 706 019 | 6 155 753 |
| Legal and professional fees | 13 789 614 | 15 057 178 |
| Loss on foreign exchange | 523 018 | 1 537 500 |
| Management fees | 50 191 | - |
| Other expenses | 28 958 863 | 28 289 568 |
| Packaging cost | 9 639 854 | 9 497 280 |
| Repairs and maintenance | 36 460 489 | 37 065 138 |
| Utilities | 25 277 301 | 21 275 172 |
| Total cost of sales, distribution and administrative expenses | 916 320 635 | 854 618 350 |

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 20. Investment revenue

| | | |
|---|---|---|
| **Interest revenue** | | |
| Bank | 5 198 178 | 7 444 553 |
| Interest adjustment – prior year | - | 245 855 |
| | 5 198 178 | 7 690 408 |

## 21. Finance costs

| | | |
|---|---|---|
| Bank and financial institutions | - | 3 941 929 |
| Holding company | 16 310 056 | 16 624 669 |
| | 16 310 056 | 20 566 598 |

## 22. Income tax expense

**Major components of the income tax expense**

| | | |
|---|---|---|
| Income tax – current | 46 724 591 | 41 219 483 |
| Income tax – Automotive Incentive Scheme adjustment | - | (442 243) |
| Deferred tax – current | 8 844 452 | (3 523 835) |
| Deferred tax – Automotive Incentive Scheme adjustment | - | 256 263 |
| | 55 569 043 | 37 509 668 |

**Reconciliation of the income tax expense**

Reconciliation between accounting profit and income tax expense.

| | | |
|---|---|---|
| Accounting profit | 208 204 386 | 131 411 598 |
| Tax at the applicable tax rate of 28% | 58 297 228 | 36 795 247 |

## 22. Income tax expense (Continued)

**Reconciliation of the income tax expense (Continued)**

| | | |
|---|---|---|
| **Tax effect of adjustments on taxable income** | | |
| Prior year under provision – deferred tax | (123 977) | (442 243) |
| Permanent difference | (411 264) | (1 273 186) |
| Prior year over under provision | - | - |
| Temporary difference | (2 192 944) | 423 684 |
| Unrecognised deferred tax asset on assessed loss | - | (323 400) |
| Tax effect on amount recovered from insurance | - | 2 329 465 |
| | 55 569 043 | 37 509 668 |

## 23. Employee costs

| | | |
|---|---|---|
| Salaries and other short-term costs | 176 625 475 | 162 684 824 |

| **Notes to the annual financial statements** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|

## 24. Notes to the statement of cash flows

### 24.1 Cash generated from operations

| | | |
|---|---|---|
| Profit before taxation | 208 204 386 | 131 580 032 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 52 624 773 | 50 331 859 |
| Loss on foreign exchange | 523 018 | 1 537 500 |
| Interest received | (5 198 178) | (7 690 408) |
| Finance costs | 16 310 056 | 20 566 598 |
| **Changes in working capital:** | | |
| Decrease /(increase) in inventories | 12 806 125 | (12 527 621) |
| (Increase) in trade and other receivables | (24 302 657) | (56 773 077) |
| (Decrease) /increase in trade and other payables | (26 127 662) | 43 523 939 |
| (Decrease) /increase in deferred income | (8 631 163) | 600 834 336 |
| | 226 208 698 | 231 383 158 |

### 24.2 Taxation paid

| | | |
|---|---|---|
| Amount outstanding at beginning of the year | 732 281 | 1 050 140 |
| Normal income taxation | 46 724 591 | 40 777 240 |
| Amount due at end of the year | 18 632 713 | (732 281) |
| | 66 089 585 | (41 095 099) |

## 25. Commitments

**Capital commitments**

Already contracted for but not provided for

| | | |
|---|---|---|
| Property, plant and equipment | 4 764 148 | 14 272 417 |

This committed expenditure relates to property and will be financed by available bank facilities, existing cash resources, funds internally generated and the Dti loan received.

**Operating leases — as lessee (expense)**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | | |
|---|---|---|
| -within one year | 2 203 215 | 2 188 344 |
| -in second to fifth year inclusive | 10 149 521 | 8 753 376 |
| -later than five years | 18 619 079 | 15 683 132 |
| | 30 971 815 | 26 624 852 |

Lease rental amounting to R 1 162 517 (2018: R 3 591 955) relating to the lease of the land and building and machinery and property, respectively, are included in the income statement. The lease term for the land on which the factory is built is 20 years.

**Notes to the annual financial statements**

**26. Related parties**

Ultimate Holding Company - Motherson Sumi Systems Limited, India
Holding Company - MSSL Mauritius Holdings Limited, Mauritius

**Directors**
VC Sehgal
B Dhar
A Pillay

**Key management**
V Johri
SN Das
A Dadwal

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| Name of Company | Country of Incorporation | Category |
|---|---|---|
| MSSL Mauritius Holdings Limited (MMHL) | Mauritius | Subsidiary |
| Motherson Electrical Wires Lanka Pvt. Ltd. | Sri Lanka | Subsidiary |
| MSSL Mideast (FZE) | UAE | Subsidiary |
| MSSL (S) Pte Ltd. | Singapore | Subsidiary |
| MSSL Automobile Component Ltd. | India | Subsidiary |
| Samvardhana Motherson Polymers Ltd. | India | Subsidiary |
| Motherson Polymers Compounding Solutions Ltd | India | Subsidiary |
| MSSL (GB) Limited | U.K. | Subsidiary |
| Motherson Wiring System (FZE) | UAE | (Subsidiary through MSSL Mideast (FZE)) |
| MSSL GmbH | Germany | (Subsidiary through MSSL Mideast (FZE)) |
| MSSL Tooling (FZE) | UAE | (Subsidiary through MSSL Mideast (FZE)) |
| Samvardhana Motherson Invest Deutschland GmbH | Germany | (Subsidiary through MSSL GmbH) |
| MSSL Advanced Polymers s.r.o. | Czech Republic. | (Subsidiary through MSSL GmbH) |
| Motherson Techno Precision GmbH (formerly known as Motherson Orca Precision Technology GmbH) | Germany | (Subsidiary through MSSL GmbH) |
| MSSL s.r.l. Unipersonale | Italy | (Subsidiary through MSSL (GB) Limited) |
| Samvardhana Motherson Polymers Management Germany GmbH | Germany | (Subsidiary through MSSL GmbH) |
| Motherson Techno Precision Mexico S.A. De C.V. | Mexico | (Subsidiary through Motherson Techno Precision GmbH) |
| MSSL Manufacturing Hungary Kft | Hungary | (Subsidiary through MSSL GMBH) |
| Motherson Air Travel Pvt Ltd | Ireland | (Subsidiary through MSSL Mideast (FZE)) |
| MSSL Australia Pty Ltd. | Australia | (Subsidiary through MMHL) |
| Motherson Elastomers Pty Limited | Australia | (Subsidiary through MSSL Australia Pty Limited) |
| Motherson Investments Pty Limited | Australia | (Subsidiary through MSSL Australia Pty Limited) |
| MSSL Ireland Private Ltd. | Ireland | (Subsidiary through MSSL (GB) Limited) |
| Global Environment Management (FZE) | UAE | Subsidiary through MSSL Mauritius Holdings Limited) |
| MSSL Japan Limited | Japan | (Subsidiary through MSSL (S) Pte Limited) |
| Vacuform 2000 (Proprietary) Limited | South Africa | (Subsidiary through MSSL Mauritius Holdings Limited) |

**Notes to the annual financial statements**

**26. Related parties (Continued)**

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| | | |
|---|---|---|
| MSSL México, S.A. De C.V. | Mexico | (Subsidiary through MSSL (S) Pte Limited) |
| MSSL WH System (Thailand) Co., Ltd | Thailand | (Subsidiary through MSSL (S) Pte. Ltd.) |
| MSSL Korea WH Limited | South Korea | (Subsidiary through MSSL (S) Pte. Ltd.) |
| MSSL Consolidated Inc. | USA | (Subsidiary through MSSL (GB) Ltd.) |
| MSSL Overseas Wiring System Ltd. Liquidated on January 29, 2019 | UK | (Subsidiary through MSSL (GB) Ltd.) |
| MSSL Wiring System Inc | USA | (Subsidiary through MSSL Consolidated Inc) |
| Alphabet de Mexico, S.A. de C.V. | Mexico | (Subsidiary through MSSL (GB) Ltd.) |
| Alphabet de Mexico de Monclova, S.A. de C.V. | Mexico | (Subsidiary through MSSL (GB) Ltd.) |
| Alphabet de Saltillo, S.A. de C.V. | Mexico | (Subsidiary through MSSL (GB) Ltd.) |
| MSSL Wirings Juarez, S.A. de C.V. | Mexico | (Subsidiary through MSSL (GB) Ltd.) |
| Samvardhana Motherson Global Holdings Ltd. (SMGHL) | Cyprus | (Subsidiary through MSSL Mauritius Holdings Limited) |
| Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) | Netherlands | (Subsidiary through SMGHL and SMPL) |
| Samvardhana Motherson Reflectec Group Holdings Limited (SMR) | Jersey | (Subsidiary through SMRPBV) |
| SMR Automotive Technology Holding Cyprus Limited | Cyprus | (Subsidiary through SMR) |
| SMR Automotive Mirror Parts and Holdings UK Ltd | UK | (Subsidiary through SMR) |
| SMR Automotive Holding Hong Kong Limited | Hong Kong | (Subsidiary through SMR) |
| SMR Automotive Systems India Limited | India | (Subsidiary jointly held by Motherson Sumi Systems Limited and SMR Automotive Technology Holding Cyprus Limited) |
| SMR Automotive Systems France S.A. | France | (Subsidiary through SMR Automotive Technology Holding Cyprus Limited) |
| SMR Automotive Mirror Technology Holding Hungary KFT | Hungary | (Subsidiary through SMR Automotive Technology Holding Cyprus Limited) |
| SMR Patents S.à.r.l. | Luxembourg | (Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd.) |
| SMR Automotive Technology Valencia S.A.U. | Spain | (Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd.) |
| SMR Automotive Mirrors UK Limited | UK | (Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd.) |
| SMR Automotive Mirror International USA Inc. | USA | (Subsidiary through SMR Mirrors UK Limited) |
| SMR Automotive Systems USA Inc. | USA | (Subsidiary through SMR) |
| SMR Automotive Beijing Company Limited | China | (Subsidiary through SMR Automotive Holding Hong Kong Limited) |
| SMR Automotive Yancheng Co. Limited | China | (Subsidiary through SMR Automotive Holding Hong Kong Limited) |
| SMR Automotive Mirror Systems Holding Deutschland GmbH | Germany | (Subsidiary through SMR Automotive Mirror Parts and Holdings UK Ltd.) |

**Notes to the annual financial statements**

**26. Related parties (Continued)**

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| | | |
|---|---|---|
| SMR Holding Australia Pty Ltd. | Australia | (Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft) |
| SMR Automotive Australia Pty Limited | Australia | (Subsidiary through SMR Automotive Australia Pty Limited) |
| SMR Automotive Mirror Technology Hungary BT | Hungary | (Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft) |
| SMR Automotive Modules Korea Ltd | South Korea | (Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH) |
| SMR Automotive Beteiligungen Deutschland GmbH | Germany | (Subsidiary through SMR) |
| SMR Hyosang Automotive Ltd. | South Korea | (Subsidiary through SMR Automotive Modules Korea Ltd) |
| SMR Automotive Mirrors Stuttgart GmbH (Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH) | Germany | (Subsidiary through SMR Automotive Modules Korea Ltd) |
| SMR Automotive Systems Spain S.A.U | Spain | (Subsidiary through SMR Automotive Mirrors Stuttgart GmbH) |
| SMR Automotive Vision Systems Mexico S.A de C.V | Mexico | (Subsidiary through SMR Automotive Mirrors Stuttgart GmbH) |
| SMR Automotive Servicios Mexico S.A de C.V - under liquidation | Mexico | (Subsidiary through SMR Automotive Vision Systems Mexico S.A de C.V) |
| SMR Grundbesitz GmbH & Co. KG | Germany | (Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH) |
| SMR Automotive Brasil Ltda. | Brazil | (Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft) |
| SMR Automotive System (Thailand) Limited | Thailand | (Subsidiary through SMR Automotive Technology Holding Cyprus Limited) |
| SMR Automotives Systems Macedonia Dooel Skopje | Macedonia | (Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft) |
| SMR Automotive Operations Japan K.K. | Japan | (Subsidiary through SMR Automotive Mirror Technology Holding Hungary Kft) |
| SMR Automotive (Langfang) Co. Ltd | China | (Subsidiary through SMR Automotive Mirror Systems Holding Deutschland GmbH) |
| SMR Automotive Vision System Operations USA INC . | USA | (Subsidiary through SMR) |
| SMR Mirror UK Limited | UK | (Subsidiary through SMR) |
| Motherson Innovations Company Limited | UK | (Subsidiary through SMR) |
| Motherson Innovations Deutschland GmbH | Germany | (Subsidiary through SMR) |
| Samvardhana Motherson Global (FZE) | UAE | (Subsidiary through SMR) |
| SMR Automotive Industries RUS Limited Liability Company | Russia | (Subsidiary through SMR) |
| Samvardhana Motherson Peguform GmbH (SMP) | Germany | (Subsidiary through SMRPBV) |
| SMP Automotive Interiors (Beijing) Co. Ltd | China | (Subsidiary through SMRPBV) |
| SMP Deutschland GmbH | Germany | (Subsidiary through Samvardhana Motherson Peguform GmbH and SMGHL) |
| SMP Logistik Service GmbH | Germany | (Subsidiary through SMP Deutschland GmbH) |

**Notes to the annual financial statements**

**26. Related parties (Continued)**

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| | | |
|---|---|---|
| SMP Automotive Solutions Slovakia s.r.o | Slovakia | (Subsidiary through SMP Deutschland GmbH) |
| Changchun Peguform Automotive Plastics Technology Co., Ltd. | China | (Subsidiary through SMP Deutschland GmbH) |
| Foshan Peguform Automotive Plastics Technology Co. Ltd. | China | (Subsidiary through Changchun Peguform Automotive Plastics Technology Co., Ltd.) |
| Tianjin SMP Automotive Component Company Limited | China | (Subsidiary through Changchun Peguform Automotive Plastics Technology Co., Ltd.) |
| SMP Automotive Technology Management Services (Changchun) Co. Ltd. | China | (Subsidiary through SMP Deutschland GmbH) |
| SMP Automotive Technology Iberica S.L. | Spain | (Subsidiary through SMRPBV) |
| Samvardhana Motherson Peguform Barcelona S.L.U | Spain | (Subsidiary through SMP Automotive Technology Iberica S.L.) |
| SMP Automotive Technologies Teruel Sociedad Limitada | Spain | (Subsidiary through SMP Automotive Technology Iberica S.L.) |
| Samvardhana Motherson Peguform Automotive Technology Portugal S.A. | Portugal | (Subsidiary through SMP Automotive Technology Iberica S.L.) |
| SMP Automotive Systems Mexico S.A. de C.V. | Mexico | (Subsidiary through SMP Automotive Technology Iberica S.L.) |
| SMP Automotive Produtos Automotivos do Brasil Ltda. | Brazil | (Subsidiary through SMP Automotive Technology Iberica S.L.) |
| SMP Exterior Automotive GmbH | Germany | (Subsidiary through Samvardhana Motherson Peguform GmbH) |
| Samvardhana Motherson Innovative Autosystems B.V. & Co. KG | Germany | (Subsidiary through Samvardhana Motherson Peguform GmbH) |
| Samvardhana Motherson Innovative Autosystems Holding Company BV | Netherlands | (Subsidiary through SMR) |
| SM Real Estate GmbH | Germany | (Subsidiary through SMGHL & SMP Automotive Exterior GmbH) |
| Samvardhana Motherson Innovative Autosystems de México, S.A. de CV | Mexico | (Subsidiary jointly held by SMR & SMP) |
| SMP Automotive Systems Alabama Inc. | USA | (Subsidiary through SMR) |
| Celulosa Fabril S.A. (Zaragoza, ES) | Spain | (Subsidiary through SMP automotive technology Iberica S.L.) |
| Modulos Rivera Alta S.L.U. | Spain | (Subsidiary through Celulosa Fabril S.A.) |
| Motherson Innovations Lights GmbH & Co KG | Germany | (Subsidiary through Samvardhana Motherson Peguform GmbH) |
| Motherson Innovations Lights Verwaltungs GmbH | Germany | (Subsidiary through Motherson Innovations Lights GmbH & Co KG) |
| MSSL Estonia WH OÜ | Estonia | (Subsidiary through MSSL (GB) Limited) |
| PKC Group Plc | Finland | (Subsidiary through MSSL Estonia WH OÜ) |
| PKC Wiring Systems Oy | Finland | (Subsidiary through PKC Group Plc) |
| PKC Netherlands Holding B.V. | Netherlands | (Subsidiary through PKC Group Plc) |
| PKC Group Poland Sp. z o.o. | Poland | (Subsidiary through PKC Eesti AS) |
| PKC Wiring Systems Llc | Serbia | (Subsidiary through PKC Wiring Systems Oy) |
| PKC Group APAC Limited | Hong Kong | (Subsidiary through PKC Wiring Systems Oy) |
| PKC Group Canada Inc. | Canada | (Subsidiary through PKC Wiring Systems Oy) |
| PKC Group USA Inc. | USA | (Subsidiary through PKC Wiring Systems Oy) |

**Notes to the annual financial statements**

**26. Related parties (Continued)**

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| | | |
|---|---|---|
| PKC Group Mexico S.A. de C.V. | Mexico | (Subsidiary through PKC Wiring Systems Oy) |
| Project del Holding S.a.r.l. | Luxembourg | (Subsidiary through PKC Wiring Systems Oy) |
| PK Cables do Brasil Ltda | Brazil | (Subsidiary through PKC Wiring Systems Oy) |
| PKC Eesti AS | Estonia | (Subsidiary through PKC Wiring Systems Oy) |
| TKV-sarjat Oy | Finland | (Subsidiary through PKC Wiring Systems Oy) |
| PKC SEGU Systemelektrik GmbH | Germany | (Subsidiary through PKC Wiring Systems Oy) |
| PK Cables Nederland B.V. | Netherlands | (Subsidiary through PKC Netherlands Holding B.V.) |
| Groclin Luxembourg S.à r.l. | Luxembourg | (Subsidiary through PKC Group Poland Holding Sp. z o.o.) |
| PKC Vehicle Technology (Suzhou) Co., Ltd. | China | (Subsidiary through PKC Group APAC Limited) |
| AEES Inc. | USA | (Subsidiary through PKC Group USA Inc.) |
| PKC Group Lithuania UAB | Lithuania | (Subsidiary through PKC Eesti AS) |
| PKC Group Poland Holding Sp. z o.o. | Poland | (Subsidiary through PKC Wiring Systems Oy) |
| OOO AEK | Russia | (Subsidiary through PKC Eesti AS) |
| Kabel-Technik-Polska Sp. z o.o. | Poland | (Subsidiary through Groclin Luxembourg S.à r.l.) |
| AEES Power Systems Limited partnership | USA | (Subsidiary through AEES Inc.) |
| T.I.C.S. Corporation | USA | (Subsidiary through AEES Inc.) |
| Fortitude Industries Inc. | USA | (Subsidiary through AEES Inc.) |
| AEES Manufactuera, S. De R.L de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |

| | | |
|---|---|---|
| Cableodos del Norte II, S. de R.L de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |
| Manufacturas de Componentes Electricos de Mexico S. de R.L de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |
| Arneses y Accesorios de México, S. de R.L de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l ) |
| Asesoria Mexicana Empresarial, S. de R.L de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |
| Arneses de Ciudad Juarez, S. de R.L de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |
| PKC Group de Piedras Negras, S. de R.L. de C.V. | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |
| PKC Group AEES Commercial S. de R.L de C.V | Mexico | (Subsidiary through Project del Holding S.a.r.l.) |
| Jiangsu Huakai-PKC Wire Harness Co., Ltd. | China | (Subsidiary through PKC Group APAC Limited) |
| PKC Vechicle Technology (Hefei) Co, Ltd. | China | (Subsidiary through PKC Group APAC Limited) |
| SMRC Automotives Technology Phil Inc. | Philippines | (Subsidiary through SMRC Automotive Holdings Netherlands B.V |
| SMRC Fabricação e Comércio de Produtos Automotivos do Brasil Ltda | Brazil | (Subsidiary through SMRC Automotive Holding South America B.V |
| Shangdong Huakai-PKC Wire Harness Co., Ltd. | China | (Subsidiary through Jiangsu Huakai-PKC Wire Harness Co., Ltd.) |
| Global Environment Management (FZC) | UAE | (Subsidiary through MSSL Mauritius Holdings Limited) |
| Motherson Innovations LLC, USA | USA | (Subsidiary through Motherson Innovations Company Limited) |

**Notes to the annual financial statements**

**26. Related parties (Continued)**

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| | | |
|---|---|---|
| Motherson Rolling Stock Systems GB Ltd. | UK | (Subsidiary through Kabel Technik Polska Sp. z.o.o) |
| MSSL M Tooling Ltd | Mauritius | Subsidiary |
| PT SMRC Automotive Technology Indonesia | Indonesia | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| Samvardhana Motherson Corp Management Shanghai Co Ltd. | China | (Subsidiary through SMR Automotive Mirrors Stuttgart GmbH) |
| Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U. | Spain | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| Samvardhana Motherson Reydel Autotecc Morocco SAS | Morocco | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| Shanghai Reydel Automotive Technology Consulting Co. Ltd. | China | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| Shenyang SMP Automotive Plastic Component Co. Ltd. | China | (Subsidiary through Changchun Peguform Automotive Plastics Technology Co. Ltd.) |
| SMRC Automotive Holding South America B.V. | The Netherlands | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Holdings B.V. | The Netherlands | (Subsidiary through SMRP B.V) |
| SMRC Automotive Holdings Netherlands B.V. | Netherlands | (Subsidiary through SMRC Automotive Holdings B.V) |
| SMRC Automotive Interior Modules Croatia d.o.o | Croatia | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Interiors Japan Ltd. | Japan | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Interiors Management B.V. | The Netherlands | (Subsidiary through SMRP B.V) |
| SMRC Automotive Interiors Products Poland SA | Poland | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Interiors Spain S.L.U. | Spain | (Subsidiary through Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U) |
| SMRC Automotive Modules France SAS | France | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Modules South America Minority Holdings B.V. | The Netherlands | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Products India Private Limited | India | (Subsidiary through SMRC Automotive Holdings Netherlands B.V.) |
| SMRC Automotive Smart Interior Tech (Thailand) Ltd. | Thailand | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Solutions Slovakia s.r.o. | Slovakia | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Tech Argentina S.A. | Argentina | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotive Technology RU LLC | Russian | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |
| SMRC Automotives Techno Minority Holdings B.V. | The Netherlands | (Subsidiary through SMRC Automotive Holdings Netherlands B.V) |

| **Notes to the annual financial statements** | **Note** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|---|

**26. Related parties (Continued)**

**Subsidiaries of Motherson Sumi Systems Ltd. (ultimate holding company)**

| **Name of the Company** | **Country of Incorporation** | **Category** |
|---|---|---|
| SMRC Smart Automotive Interior Technologies USA, LLC | USA | Subsidiary through SMRC Automotive Holdings Netherlands B.V. |
| SMRC Smart Interior Systems Germany GmbH | Germany | Subsidiary through SMRC Automotive Holdings Netherlands B.V. |
| Yujin SMRC Automotive Techno Corp. | South Korea | Subsidiary through SMRC Automotive Holdings Netherlands B.V. |
| Motherson Ossia Innovations LLC, USA | USA | Subsidiary through Motherson Innovations LLC |

**Interest in associated companies**

| **Name of the Company** | **Country of Incorporation** | **Category** |
|---|---|---|
| SAKS Ancillaries Limited | India | Associates |
| Re time Pty Limited | Australia | (Associate of SMR) |
| Hubei Zhengao PKC Automotive Wiring Company Ltd. | China | (Associate of PKC) |

**Interest in Joint ventures companies**

| **Name of the Company** | **Country of Incorporation** | **Category** |
|---|---|---|
| Kyungshin Industrial Motherson Limited | India | (Joint venture) |
| Calsonic Kansei Motherson Auto Products Private Limited | India | (Joint venture) |
| Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd. | China | (Joint venture through SMR) |
| Chongqing SMR Huaxiang Automotive Products Limited | China | (Joint venture through Ningbo SMR Huaxiang Automotive Mirrors Co. Ltd.) |
| Eissmann SMP Automotive Interieur Slovensko s.r.o | Slovakia | (Joint venture through SMP Deutschland GmbH) |

**Related party balances**

| | | |
|---|---|---|
| **Year-end balances arising from sales/purchases of goods/services** | | |
| Payables to fellow subsidiaries and holding company | 30 265 499 | 2 996 466 |
| Receivables from fellow subsidiaries | 409 450 | 21 444 759 |
| | 30 674 949 | 24 441 225 |

| Notes to the annual financial statements | Note | 31 March 2019 R | 31 March 2018 R |
|---|---|---|---|

## 26. Related parties (Continued)

| | | | |
|---|---|---|---|
| **Loans from related parties** | | | |
| Loan from holding company | | 160 750 000 | 160 750 000 |
| **Interest on loan** | | | |
| Holding company | | 16 310 056 | 16 624 669 |
| **Operating expenses recharged** | | | |
| Fellow subsidiaries | | 11 582 322 | 9 634 654 |
| **Purchases of goods and services** | | | |
| Fellow subsidiaries | | 84 482 311 | 3 690 760 |
| **Purchases of goods and services** | | | |
| Fellow subsidiaries | | 84 482 311 | 3 690 760 |
| **Interest repaid on loan during this year** | | | |
| Holding Company | | 16 181 621 | 17 005 577 |

## 27. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the reporting period that would materially impact the annual financial statements.

## 28. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year.

**Basic earnings per share**

| | | | |
|---|---|---|---|
| From continuing operations (c per share) | | 2.54 | 1.57 |

Basic earnings per share was based on earnings profit of R 152 635 343 (2018: R 94 070 364) and weighted average number of ordinary shares of 60 000 000 (2018: 60 000 000).

## 29. Segment information

The Chief Operating Officer is the company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by them for the purposes of allocating resources and assessing performance.

Management consider the business from both a geographic and product perspective. Geographically, management consider the performance in the following regions: Rosslyn, Incubation Centre at Ford and Durban Plant.

| **Notes to the annual financial statements** | **Note** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|---|

## 30. Segment information (Continued)

### Revenue

The revenue from external parties reported to management is measured in a manner consistent with that in the income statement. Sales between segments are carried out at arm's length.

| | **IC Nissan 2019** | **Rosslyn Plant 2019** | **Durban Plant 2019** | **Incubation centre 2019** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Revenue | 9 884 020 | 281 195 088 | 554 450 151 | 248 003 784 |
| EBITA | 9 884 020 | (204 076 868) | 179 812 216 | 9 884 020 |
| **Other information** | | | | |
| Segment assets | 1 085 439 | 428 569 307 | 359 520 194 | 23 920 845 |

| | **IC Nissan 2018** | **Rosslyn Plant 2018** | **Durban Plant 2018** | **Incubation centre 2018** |
|---|---|---|---|---|
| | **R** | **R** | **R** | **R** |
| Revenue | 9 409 482 | 252 891 757 | 488 917 425 | 211 956 628 |
| EBITA | 9 409 482 | (197 601 881) | 137 431 217 | 211 956 628 |
| **Other information** | | | | |
| Segment assets | 957 568 | 477 624 056 | 398 113 253 | 31 234 640 |

## 31. Key management compensation

### Prescribed officers-executive 2019

| | **Salaries** | **Total** |
|---|---|---|
| | **R** | **R6** |
| Vishnu Johri | 6 959 979 | 6 959 979 |
| Ajay Dadwal | 1 966 722 | 1 966 722 |
| Satyanarayan Dass | 1 507 746 | 1 507 746 |
| | 10 434 447 | 10 434 447 |

### Prescribed officers-executive 2018

| | **Salaries** | **Total** |
|---|---|---|
| | **R** | **R** |
| Vishnu Johri | 6 676 781 | 6 676 781 |
| Ajay Dadwal | 1 848 279 | 1 848 279 |
| Satyanarayan Dass | 1 428 756 | 1 428 756 |
| | 9 953 813 | 9 953 816 |

| **Notes to the annual financial statements** | **Note** | **31 March 2019 R** | **31 March 2018 R** |
|---|---|---|---|

## 32. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

## 33. Liquidity and solvency

The directors have performed the required liquidity and solvency test required by the Companies Act 71 of 2008.