

**SAMVARDHANA MOTHERSON GLOBAL
HOLDINGS LIMITED**

**FINANCIAL STATEMENTS
31 MARCH 2019**

Samvardhana Motherson Global Holdings Limited

Report and financial statements 31 March 2019

Contents

	Page
Board of Directors and other officers	1
Independent Auditor's Report	2 - 3
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 31

Samvardhana Motherson Global Holdings Limited

Board of Directors and other officers

Board of Directors

Bimal Dhar (resigned 13 May 2019)
Vivek Chaand Sehgal
Militsa Symeou
Georgios Filippou
Maria Thrasyvoulou (appointed 04 October 2018)
Michalakis Hadjimichael (resigned 04 October 2018)
Gautam Mukherjee (appointed 01 April 2019)

Company Secretary

Cypcosecretarial Limited
4 Pindou
Engomi
CY-2409, Nicosia
Cyprus

Registered office

3 Themistocles Dervis Street
Julia House
CY-1066, Nicosia
Cyprus

Independent Auditor's Report

To the Members of Samvardhana Motherson Global Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Samvardhana Motherson Global Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 March 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.



Building a better
working world

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 11 July 2019

Samvardhana Motherson Global Holdings Limited

Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 €	2018 €
Administrative expenses	9	(81.921)	(72.905)
Other income	8	<u>2.385.040</u>	<u>260</u>
Operating profit/(loss)		2.303.119	(72.645)
Finance (costs)/income	10	<u>(2.957.155)</u>	<u>352.877</u>
Profit/(Loss) before tax		(654.036)	280.232
Income tax expense	11	<u>-</u>	<u>-</u>
Profit/(Loss) and other comprehensive profit/(loss) for the year		<u>(654.036)</u>	<u>280.232</u>

The notes on pages 8 to 31 are an integral part of these financial statements.

Samvardhana Motherson Global Holdings Limited

Statement of financial position at 31 March 2019

	Note	2019 €	2018 €
Assets			
Non-current assets			
Investment in subsidiaries	12	898.950.759	898.950.759
Financial assets at amortised cost	14	<u>152.384.520</u>	<u>-</u>
		<u>1.051.335.279</u>	<u>898.950.759</u>
Current assets			
Cash and cash equivalents	15	<u>467.058</u>	<u>26.205</u>
Total assets		<u>1.051.802.337</u>	<u>898.976.964</u>
Equity and liabilities			
Capital and reserves			
Share capital - ordinary shares	16	2.002.380	2.002.380
Share capital - preference shares	16	10.000	10.000
Share premium	16	30.195.620	30.195.620
Capital contribution reserve	17	862.153.980	862.153.980
Accumulated losses		<u>(4.955.253)</u>	<u>(4.301.217)</u>
		<u>889.406.727</u>	<u>890.060.763</u>
Non-current liabilities			
Borrowings	18	<u>152.781.627</u>	<u>7.537.539</u>
Current liabilities			
Payables	19	11.593	15.122
Current income tax liabilities		8.860	8.860
Borrowings	18	<u>9.593.530</u>	<u>1.354.680</u>
		<u>9.613.983</u>	<u>1.378.662</u>
Total liabilities		<u>162.395.610</u>	<u>8.916.201</u>
Total equity and liabilities		<u>1.051.802.337</u>	<u>898.976.964</u>

On 11 July 2019 the Board of Directors of Samvardhana Motherson Global Holdings Limited authorised these financial statements for issue.



Militsa Symeou, Director



Georgios Filippou, Director

The notes on pages 8 to 31 are an integral part of these financial statements.

Samvardhana Motherson Global Holdings Limited

Statement of changes in equity for the year ended 31 March 2019

	Note	Share capital - ordinary shares €	Share capital - preference shares €	Share premium €	Capital contribution reserve €	Accumulated losses €	Total €
Balance at 1 April 2017		2,002,347	10,000	30,146,153	862,153,980	(4,581,449)	889,731,031
Comprehensive income							
Profit for the year		-	-	-	-	280,232	280,232
Transactions with owners							
Issue of shares	16	33	-	49,467	-	-	49,500
Balance at 31 March 2018/1 April 2018		2,002,380	10,000	30,195,620	862,153,980	(4,301,217)	890,060,763
Comprehensive loss							
Loss for the year		-	-	-	-	(654,036)	(654,036)
Balance at 31 March 2019		2,002,380	10,000	30,195,620	862,153,980	(4,955,253)	889,406,727

The notes on pages 8 to 31 are an integral part of these financial statements.

Share premium reserve is not available for distribution.

Samvardhana Motherson Global Holdings Limited

Statement of cash flows for the year ended 31 March 2019

	Note	2019 €	2018 €
Cash flows from operating activities			
Profit/(Loss) before tax		(654.036)	280.232
Adjustments for:			
Interest income	8	(2.384.520)	-
Interest expense	10	2.556.816	269.963
Foreign exchange losses/(gains) on borrowings from related parties		<u>401.120</u>	<u>(624.192)</u>
		(80.620)	(73.997)
Changes in working capital:			
Payables		<u>(3.527)</u>	<u>(3.399)</u>
Net cash used in operating activities		<u>(84.147)</u>	<u>(77.396)</u>
Cash flows from financing activities			
Proceeds from issuance of share capital (note below)	16	-	49.500
Proceeds from borrowings from related parties	20(iii)	77.025.000	25.000
Loans granted to related parties	20(iv)	<u>(76.500.000)</u>	<u>-</u>
Net cash from financing activities		<u>525.000</u>	<u>74.500</u>
Net increase/(decrease) in cash and cash equivalents		<u>440.853</u>	<u>(2.896)</u>
Cash and cash equivalents at beginning of year		<u>26.205</u>	<u>29.101</u>
Cash and cash equivalents at end of year	15	<u><u>467.058</u></u>	<u><u>26.205</u></u>

Non cash transactions

31 March 2018

On 16 February 2018 the Company issued 33 additional Class A ordinary shares of nominal value of €1 each at premium of €1.499 each. The total consideration of the above issued shares amounts to €49.500 which has been settled by way of cash.

31 March 2019

Borrowings from Samvardhana Motherson Holding (M) Private Limited for the amount of €73.500.000 were transferred directly to Samvardhana Motherson Automotive Systems Group B.V. on behalf of the Company, under the loan agreements between the Company and these parties dated 20 December 2018.

These transactions are not reflected in the above cash flow statement.

The notes on pages 8 to 31 are an integral part of these financial statements.

Samvardhana Motherson Global Holdings Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Themistocles Dervis Street, Julia House, CY-1066 Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2018 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4. Apart from the accounting policy changes resulting from the adoption of IFRS 9 effective from 1 April 2018, these policies have been consistently applied to all the years presented, unless otherwise stated (refer to Notes 3, 4 and 22). The principal accounting policies in respect of financial instruments applied till 31 March 2018 are presented in Note 22.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company, Motherson Sumi Systems Limited, publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2019. A copy of the consolidated financial statements of Motherson Sumi Systems Limited is available at the Company's website, www.motherson.com, or at their registered office at Unit 705, C Wing, One Bkc, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051, Maharashtra, India.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

Samvardhana Motherson Global Holdings Limited

Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. Although the Company had net current liabilities at 31 March 2019 and a net loss for the year then ended, its financial obligations are primarily with its shareholder and commonly controlled entity.

The shareholders have undertaken to provide the Company, if necessary, with financial and other support so as to enable the Company to conduct its operations and meet its obligations as they become due, as well as not to call for repayment any amounts due until the Company has adequate funds to repay them. The Directors therefore consider that the Company will continue as a going concern and that the financial statements are appropriately prepared on a going concern basis.

3 Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 April 2018. This adoption did not have a material effect on the accounting policies of the Company, with the exception of the following:

- IFRS 9 "Financial Instruments"

As explained below, in accordance with the transition provisions of IFRS 9 the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39.

The following table summarizes the impact of adoption of the new standard each individual line item of balance sheet. Line items that were not affected by the changes have not been included.

(a) Impact on the balance sheet

	31 March 2018 under IAS 39	Effect of adoption of IFRS 9	1 April 2018 under IFRS 9
	€	€	€
Cash and cash equivalents	26.205	-	26.205

(i) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39.

Samvardhana Motherson Global Holdings Limited

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

The Company has adopted IFRS 9 with a date of transition of 1 April 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 April 2018 are set out in Note 4.

Impact of adoption

In accordance with the transition provisions in IFRS 9, the Company has elected the simplified transition method for adopting the new standard. In accordance with the transition method elected by the Company for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 April 2018, the Company assesses on a forward looking basis the expected credit losses associated with its cash and cash equivalents. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk.

The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model: financial assets at amortised cost and cash and cash equivalents. The Company has adopted the general expected credit loss model for financial assets at amortised cost and cash and cash equivalents.

The following table reconciles the carrying amounts of financial instruments, from their previous measurement categories in accordance with IAS 39 into their new measurement categories upon transition to IFRS 9 on 1 April 2018.

	<u>Measurement category</u>		<u>Carrying value per IAS 39 (closing balance at 31 March 2018)</u>	<u>Effect of IFRS 9 Reclassification</u>		<u>Carrying value per IFRS 9 (opening balance at 31 March 2018)</u>
	IAS 39	IFRS 9		Mandatory		
<i>in EUR</i>						
Cash and cash equivalents	L&R	AC	26.205	-		26.205
Total other financial assets			<u>26.205</u>	<u>-</u>		<u>26.205</u>

- *Other financial instruments:*

At 31 March 2018, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 April 2018 the Company's financial liabilities continued to be classified at amortised cost.

Samvardhana Motherson Global Holdings Limited

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 effective from 1 April 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments applied till 31 March 2018 are presented in Note 22.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Samvardhana Motherson Global Holdings Limited

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Financial assets - Classification

From 1 April 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into the below measurement category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents and financial assets at amortised cost.

Samvardhana Motherson Global Holdings Limited

Financial assets – impairment – credit loss allowance for ECL

From 1 April 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'net impairment losses on financial assets'.

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For all financial assets that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Samvardhana Motherson Global Holdings Limited

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC because they are held for collection of contractual cash flows and those cash flows represent SPPI.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as "Other income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 – gross amount of financial assets.

Samvardhana Motherson Global Holdings Limited

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss in accordance with IFRS9, 'Financial Instruments Recognition and Measurement'.

Samvardhana Motherson Global Holdings Limited

Share capital, share premium and preference share capital

Ordinary shares are classified as equity. Preference shares which carry discretionary dividends and are redeemable at the option of the company are classified as equity.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

6 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as foreign exchange risk, interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

• Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The exposure of the Company to foreign exchange risk is mainly due to the Company's borrowings that are denominated in US Dollars (Note 18).

Samvardhana Motherson Global Holdings Limited

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Sensitivity

At 31 March 2019, if the Euro had weakened /strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been €471.517 (2018: €410.644) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated borrowings.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

- **Cash flow and fair value interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market interest rates.

At 31 March 2019, if interest rates on Euro-denominated borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been €234.921 (2018: €9.213) lower/higher, as a result of higher/lower interest expense on floating rate Euro-denominated borrowings.

At 31 March 2019, if interest rates on US dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been €21.218 (2018: €17.147) lower/higher, as a result of higher/lower interest expense on floating rate US dollar-denominated borrowings.

The Company is also exposed to interest rate risk from its interest-bearing assets. The Company's loan receivable carry fixed interest rates and are consequently not subject to cash flow interest rate risk. The Company is exposed to cash flow interest rate risk in relation to its cash and cash equivalents which carry floating interest rates. Due to the nominal rates earned on the Company's bank balances the management assessed that any sensitivity analysis to demonstrate the impact of changes in interest rates on the Company's results would be insignificant.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the balance sheet. Credit risk arises from cash and cash equivalents and loans receivables. The Company has a significant concentration of credit risk as at the statement of financial position date in relation to the loans receivables and cash and cash equivalents which are held with a single bank. There were no defaults in the past from related parties with whom there are outstanding trade receivables.

Samvardhana Motherson Global Holdings Limited

6 Financial risk management (continued)

(i) Financial risk factors (continued)

• Credit risk (continued)

(i) Risk management

Loan to related party at amortised cost - general expected credit loss model applied

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counter party
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 180 days past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows:

Samvardhana Motherson Global Holdings Limited

6 Financial risk management (continued)

(i) Financial risk factors (continued)

• Credit risk (continued)

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

Interest bearing loans are provided to related parties. The Company does not require the related parties to pledge collateral as security against the loans.

The Company has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the loans, the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

The Company provides for credit losses against loans to related parties and cash and cash equivalents. The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 March 2019.

Samvardhana Motherson Global Holdings Limited

6 Financial risk management (continued)

(i) Financial risk factors (continued)

• Credit risk (continued)

Loans to related parties

Company internal credit rating	Gross carrying amount €	(Loss allowance) €	Carrying amount (net of impairment provision) €
Performing	<u>152.384.520</u>	-	152.384.520
Total loans to related parties	<u>152.384.520</u>	-	<u>152.384.520</u>

Cash and cash equivalents

Company internal credit rating	External credit rating	Estimated gross carrying amount at default €	(Loss allowance) €	Carrying amount (net of impairment provision) €
Performing	Caa1	<u>467.058</u>	-	467.058
Total cash and cash equivalents		<u>467.058</u>	-	<u>467.058</u>

• Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 March 2018				
Borrowings	1.616.009	7.758.159	-	-
Payables	<u>15.122</u>	-	-	-
	<u>1.631.131</u>	<u>7.758.159</u>	-	-
	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 March 2019				
Borrowings	9.872.591	560	25.284	214.060.283
Payables	<u>11.594</u>	-	-	-
	<u>9.884.185</u>	<u>560</u>	<u>25.284</u>	<u>214.060.283</u>

• Financial instruments by category as at 31 March 2018:

	Loans and receivables €	Total €
31 March 2018		
Assets as per statement of financial position	-	-
Cash and bank balances	26.205	26.205
Total	<u>26.205</u>	<u>26.205</u>

Samvardhana Motherson Global Holdings Limited

6 Financial risk management (continued)

(i) Financial risk factors (continued)

Liabilities as per statement of financial position	Liabilities at amortised cost €	Total €
Borrowings	8.892.219	8.892.219
Payables	15.122	15.122
Total	<u>8.907.341</u>	<u>8.907.341</u>

(ii) 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 gearing ratios at 31 March 2019 and 2018 were as follows:

	2019 €	2018 €
Total borrowings (Note 18)	162.375.157	8.892.219
Less: cash and cash equivalents (Note 15)	<u>(467.058)</u>	<u>(26.205)</u>
Net debt	161.908.099	8.866.014
Total equity	<u>889.406.727</u>	<u>890.060.763</u>
Total capital as defined by management	<u>1.051.314.826</u>	<u>898.926.777</u>
Gearing ratio	15%	1%

(iii) Fair value estimation

The carrying amounts of payables approximate their fair values due to their short term nature. The carrying amounts of borrowings also approximate their fair values as they carry contractual rates by reference to market-based indices (Euribor/Libor - Note 18).

7 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Samvardhana Motherson Global Holdings Limited

7 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Note 6 Credit risk section.

- **Initial recognition of related party transactions**

In the normal course of business the Company enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. The terms of related parties borrowings and balances are disclosed in Notes 18 and 20.

- **Impairment of investment in subsidiary**

The Company has initially recognised its investment in subsidiary during 2015, Samvardhana Motherson Automotive Systems Group B.V, using the fair value of the new shares acquired as determined by external valuations performed by an independent party (Note 12). The management assessed that as the aforesaid transaction resulted from a broader group reorganisation any gain arising thereon should be recorded in equity in line with the Company's relevant accounting policy pertaining to transactions with owners/subsidiaries.

Furthermore, the Company follows the guidance of IAS 36 in determining when an investment is impaired. The management evaluates at each reporting date whether an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the management evaluates, among other factors, the duration and extent to which the recoverable amount/fair value of an investment is less than its cost, whether the recoverable amount of an investment is less than its carrying amount and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology, operational and financing cash flow, business plans and cash flow forecasts.

Samvardhana Motherson Global Holdings Limited

7 Critical accounting estimates and judgements (continued)

Critical judgements in applying the Company's accounting policies (continued)

- **Impairment of investment in subsidiary (continued)**

Due to the inherent uncertainties entailed in the nature of operations and activities of the Company's investee the impairment assessment involves a high degree of judgement and subjectivity. The management assessed that no impairment provisions are necessary in relation to its investment in subsidiary based on a review of the financial position of the subsidiary as well as on a reassessment of the assumptions used in the valuation performed at initial recognition, which the management determined they remained relevant and that there were no adverse developments in the year to warrant any downward revision in them.

8 Other income

	2019	2018
	€	€
Other income	520	260
Interest income from loans to subsidiary	20(iv) <u>2.384.520</u>	-
	<u>2.385.040</u>	<u>260</u>
	<u>2.385.040</u>	<u>260</u>

9 Administrative expenses

	2019	2018
	€	€
Directors' remuneration	850	850
Accounting and administration expenses	49.280	50.393
Auditor's remuneration - current year	7.900	6.087
Auditor's remuneration - prior period	1.781	-
Secretarial fees	340	340
Bank signatories fees	170	170
Bank charges	8.182	993
Non-recoverable VAT	10.246	10.254
Other expenses	<u>3.172</u>	<u>3.818</u>
Total administrative expenses	<u>81.921</u>	<u>72.905</u>

10 Finance costs/(income)

	2019	2018
	€	€
Interest expense:		
Borrowings from related entities (Note 20(iii))	2.556.816	269.963
Net foreign exchange loss/(gain)	<u>400.339</u>	<u>(622.840)</u>
Net finance costs/(income)	<u>2.957.155</u>	<u>(352.877)</u>

Samvardhana Motherson Global Holdings Limited

11 Income tax expense

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2019 €	2018 €
(Loss)/profit before tax	<u>(654.036)</u>	<u>280.232</u>
Tax calculated at the applicable corporation tax rate of 12,5%	(81.755)	35.029
Tax effect of expenses not deductible for tax purposes	90.415	34.347
Tax effect of allowances and income not subject to tax	(65)	(77.888)
Tax effect of tax losses carried forward for which no deferred tax asset has been recognised	<u>(8.595)</u>	<u>8.512</u>
Income tax charge	<u>-</u>	<u>-</u>

The Company is subject to income tax on taxable profits at the rate of 12,5%, as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

Under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate 30%.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 17%. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

12 Investment in subsidiaries

	2019 €	2018 €
At beginning of year	898.950.759	898.949.303
Transfer from available-for-sale financial assets	-	1.456
At end of year	<u>898.950.759</u>	<u>898.950.759</u>

The Company's investments in subsidiaries, which are unlisted, are as follows:

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Samvardhana Motherson Automotive Systems Group B.V (SMRPBV)	Investment holding	Netherlands	69	69
SMP Deutschland GmbH	Investment holding	Germany	5,2	5,2
SM Real Estate GmbH	Investment holding	Germany	5,2	5,2

The wholly owned subsidiary of SMRPBV, namely Samvardhana Motherson Peguform GmbH, owns 94,8% of SMP Deutschland GmbH. Therefore, the Company indirectly controls SMP Deutschland GmbH and therefore it has been classified as a subsidiary. The direct shareholding of the Company was 5.2% as at 31 March 2018 and 31 March 2019.

Samvardhana Motherson Global Holdings Limited

12 Investment in subsidiaries (continued)

The wholly owned subsidiary of SMRPBV, namely Samvardhana Motherson Peguform GmbH, owns 100% of SMP Automotive Exterior GmbH which in turn owns 94,8% of SM Real Estate GmbH. Therefore, the Company indirectly controls SM Real Estate GmbH and therefore for the year ended 31 March 2018, it has been reclassified as a subsidiary instead of an available-for-sale investment. The direct shareholding of the Company was 5.2% as at 31 March 2018 and as at 31 March 2019.

The investment in SMP Deutschland GmbH with carrying value €5.483.220 (2018: €5.483.220), is pledged as security in relation to the issue of senior secured notes issued by Samvardhana Motherson Automotive Systems Group BV (SMRPBV) as well as in relation to various bank loans obtained by SMRPBV.

Senior Secured Notes ("Notes")

SMRPBV Notes are structured as senior secured obligations and rank 'pari passu' in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility. The Notes are guaranteed on a senior secured basis by certain subsidiaries of SMRP BV and are secured by share pledge and security interests granted over certain property and assets of SMRP BV and certain of its subsidiaries. As of 31 March 2019, the Company has issued below mentioned notes which were outstanding on the date referred:

<u>Principal amount</u>	<u>Coupon rate (fixed)</u>	<u>Maturity</u>
€100 million	3.700%	18 June 2025
US\$400 million	4.875%	16 December 2021
€300 million	1.800%	06 July 2024

Bank Loans

During the year, the SMRPBV entered into a term loan facility agreement for US\$60 million for a period of 59 months maturing August 2023. The term loan is senior secured obligation and rank 'pari passu' in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility and the Notes and carry the same security structure as existing Notes and Revolving Credit Facility. This facility was fully utilised as of 31 March 2019.

13 Available-for-sale financial assets

	2019 €	2018 €
At beginning of year		
Transfer to investment in subsidiaries	-	1.456
	-	(1.456)
At end of year	-	-

In December 2014, the Company acquired 3.000 shares in SM Real Estate GmbH, a company registered in Germany, for the consideration of €3.360.

In March 2015, the Company disposed 1.700 shares of the investment in SM Real Estate GmbH to SMP Automotive Exterior GmbH for the consideration of €1.904. The Company's shareholding in SM Real Estate GmbH as at 31 March 2017 and 31 March 2018 was 5,2%.

Samvardhana Motherson Global Holdings Limited

13 Available-for-sale financial assets(continued)

The Company's investment in SM Real Estate GmbH, was reclassified from available-for-sale financial assets to investment in subsidiaries for the year ended 31 March 2018.

14 Financial assets

(a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2019 €	2018 €
Non-Current		
Loan to subsidiary (Note 20(iv))	<u>152.384.520</u>	<u>-</u>
	<u>152.384.520</u>	<u>-</u>

On 20 December 2018, the Company entered into a Loan Agreement with Samvardhana Motherson Automotive Systems Group B.V. for the principal amount of €150.000.000. Interest is calculated on the principal amount of the loan at a fixed rate of 5,99%. The loan including all accrued interest is repayable on 19 June 2026.

The carrying amounts of the Company's financial assets at amortised cost are denominated in Euro.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Company does not hold any collateral as security.

(iii) Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the company's exposure to credit risk.

15 Cash and cash equivalents

	2019 €	2018 €
Cash at bank	<u>467.058</u>	<u>26.205</u>

Cash and cash equivalents are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	464.112	16.139
US Dollar	<u>2.946</u>	<u>10.066</u>
	<u>467.058</u>	<u>26.205</u>

Cash at bank are held with a bank with a credit rating of Caa1 according to Moody's.

Samvardhana Motherson Global Holdings Limited

16 Share capital and share premium

	Share capital - ordinary shares €	Share capital - preference shares €	Share premium €	Total €
At 01 April 2018 / 31 March 2019	<u>2.002.380</u>	<u>10.000</u>	<u>30.195.620</u>	<u>32.208.000</u>

On 13 February 2009 the authorised share capital of the Company of €10.000 consisting of 10 000 ordinary shares of €1 each, was increased to €2.000.000 divided into 2 000 000 ordinary shares of €1 each.

On 30 April 2009, the Company issued 1 998 000 additional shares of nominal value of €1 each at premium of €14,033033 each (total value of €28.038.000).

On 25 February 2010 the Company decided to reduce its share premium account by €1.400.000 to €26.638.000. The relevant court approval was obtained on 29 March 2010.

On 30 March 2010 the Company increased its authorised share capital from €2.000.000 to €2.010.000 divided into 2 000 000 Class A Ordinary shares of €1 each and 10 000 Class B preference shares of €1 each.

On the same date the Company capitalised its share premium as payment for the issue of 10 000 Class B preference shares of €1 each as bonus shares at a premium of €2.662,8 each.

Class B preference shares are Zero Coupon Redeemable Preference Shares. The shares are redeemable at the option of the Company after the expiry of three years (30 March 2013) and the redemption shall be at a premium of 5% or at such premium as to be determined by the Company.

On 18 January 2016 the Company increased its authorised share capital from €2.010.000 to €2.020.000 divided into 2 010 000 Class A Ordinary shares of €1 each and 10 000 Class B preference shares of €1 each.

On 15 March 2016 the Company issued 2 347 additional Class A Ordinary shares of nominal value of €1 each at premium of €1.499 each (total value of €3.520.500).

On 16 February 2018 the Company issued 33 unissued Class A Ordinary shares of nominal value of €1 each at a premium of EUR 1.499,00 each (total value of €49.500).

17 Capital contribution reserve

	€
At 31 March 2018 / 31 March 2019	<u>862.153.980</u>

The capital contribution reserve resulted from the sale agreement of SMR Jersey, dated 12 June 2014, where the Company transferred its shareholding in SMR Jersey to Samvardhana Motherson Automotive Systems Group B.V. (SMRPBV) in exchange for 45.676 shares in SMRPBV. The difference between the consideration received and the carrying amount of SMR Jersey was recognised as a capital contribution reserve since the transaction falls under the "transfers under common control" rules.

Samvardhana Motherson Global Holdings Limited

18 Borrowings

	2019 €	2018 €
Current		
Borrowings from related entities - parent entities (Note 20(iii))	4.940.466	732.129
Borrowings from related entities - associate of the Group (Note 20(iii))	<u>4.653.064</u>	<u>622.551</u>
Non-current		
Borrowings from related entities - parent entities (Note 20(iii))	109.584.135	4.075.952
Borrowings from related entities - associate of the Group (Note 20(iii))	<u>43.197.492</u>	<u>3.461.587</u>
Maturity of non-current borrowings		
Between 1 and 2 years	-	7.537.539
Between 2 and 5 years	25.000	-
Over 5 years	<u>152.756.627</u>	<u>-</u>

Borrowings from related parties

The Company's outstanding borrowings with MSSL Mideast (FZE) Ltd as of the year end have the following terms:

The amount of €250.000 was advanced during 2014 in relation to the agreement entered in 14 April 2014 with MSSL Mideast (FZE) with a maximum facility of €12,25 million. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points and the loan is repayable on 30 June 2019.

Furthermore, in July 2014 MSSL Mideast (FZE) transferred on behalf of the Company the amount of US\$5.426.194 for the full settlement of the bank borrowings with ICICI Bank Standard Chartered Bank. The new balance with MSSL Mideast (FZE) bears interest of Libor plus 350 basis points, is denominated in USD and is repayable by 31 March 2020. During 2016 an amount of US\$1.500.000 was repaid in relation to the above agreement. As at 31 March 2019 the carrying amount of the above loan is US\$4.884.776 (EUR4.347.451) (2018: US\$4.663.709).

On 8 March 2018, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €25.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan is repayable on 30 June 2019.

On 28 June 2018, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €25.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan is repayable on 30 September 2021.

On 20 December 2018, the Company entered into a Loan Agreement with MSSL Mideast (FZE) for the principal amount of €42.500.000. Interest is calculated on the principal amount of the loan at a fixed rate of 5,64%. The loan including all accrued interest is repayable on 19 June 2026.

The Company's outstanding borrowings with MSSL Mauritius Holdings Ltd as of the year end have the following terms:

Loan agreement entered into on 21 June 2011 for the principal amount of €100.000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 30 September 2016 but was subsequently extended until 30 September 2019.

Samvardhana Motherson Global Holdings Limited

18 Borrowings (continued)

Loan agreement entered into on 7 September 2011 for the principal amount of €3,500,000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 31 October 2016 but was subsequently extended to 31 October 2019.

Loan agreement entered into on 5 August 2013 for the principal amount of €150,000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 31 December 2016 but was subsequently extended to 31 December 2019.

Loan agreement entered into on 10 February 2013 for the principal amount of US\$170,000. Interest is calculated on the principal amount of the loan at the rate of LIBOR plus 250 basis points. The loan was initially repayable on 31 March 2018 but was subsequently extended to 31 March 2020.

Loan agreement entered into on 13 May 2013 for the principal amount of US\$170,000. Interest is calculated on the principal amount of the loan at the rate of LIBOR plus 250 basis points. The loan was initially repayable on 31 December 2016 but was subsequently extended to 31 December 2019.

Loan agreement entered into on 22 June 2016 for the principal amount of €50,000. Interest is calculated on the principal amount of the loan at the rate of EURIBOR plus 250 basis points. The loan was initially repayable on 31 May 2017 but was subsequently extended to 31 May 2019.

On 20 December 2018, the Company entered into a Loan Agreement with MSSL Mauritius Holdings Ltd for the principal amount of €40,000,000, out of which €34,500,000 were drawn down during the year. Interest is calculated on the principal amount of the loan at a fixed rate of 5.64%. The loan including all accrued interest is repayable on 19 June 2026.

The Company's outstanding borrowings with Samvardhana Motherson Holding (M) Private Ltd as of the year end have the following terms:

On 20 December 2018, the Company entered into a Loan Agreement with Samvardhana Motherson Holding (M) Private Ltd for the principal amount of €75,000,000 out of which €73,500,000 were drawn down during the year. Interest is calculated on the principal amount of the loan at a fixed rate of 5.64%. The loan including all accrued interest is repayable on 19 June 2026.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

Euro - functional and presentation currency	157,659,986	4,785,778
US Dollar	<u>4,715,170</u>	<u>4,106,440</u>

19 Payables

	2019 €	2018 €
Payables to related parties (Note 20)	500	500
Other payables and accruals	<u>11,093</u>	<u>14,622</u>
Total financial payables within payables at amortised cost	<u>11,593</u>	<u>15,122</u>
Trade and other payables	<u>11,593</u>	<u>15,122</u>

Samvardhana Motherson Global Holdings Limited

19 Payables (continued)

The fair value of payables which are due within one year approximates their carrying amount at the reporting date.

The carrying amounts of the Company's payables are denominated in Euro.

20 Related party transactions

The Company is controlled by MSSL Mauritius Holdings Limited, incorporated in Mauritius, which owns 51% of the Company's shares. Samvardhana Motherson Holdings (M) Private Limited, incorporated in Mauritius, owns the remaining 49% of the shares. The Company's ultimate controlling party is Motherson Sumi Systems Limited (100% shareholder of MSSL Mauritius Holdings Limited), which is incorporated in India and listed in the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

(i) Directors' remuneration

The total remuneration of the Directors was as follows:

	2019 €	2018 €
Fees	<u>850</u>	<u>850</u>

(ii) Year-end balances with related parties

	2019 €	2018 €
Payables to related parties (Note 19):		
Samvardhana Motherson Holding (M) Private Limited - shareholder	<u>500</u>	<u>500</u>

(iii) Borrowings from related parties

	2019 €	2018 €
Borrowings from shareholders:		
At beginning of year	4.808.063	4.759.282
Borrowings advanced during year	108.000.000	-
Interest charged (Note 10)	1.685.151	97.895
Foreign exchange loss/(gain)	<u>31.387</u>	<u>(49.114)</u>
At end of year (Note 18)	<u>114.524.601</u>	<u>4.808.063</u>
Borrowings from associate of the Group:		
At beginning of year	4.084.154	4.462.165
Borrowings advanced during year	42.525.000	25.000
Foreign exchange loss/(gain)	369.737	(575.079)
Interest charged (Note 10)	<u>871.665</u>	<u>172.068</u>
At end of year (Note 18)	<u>47.850.556</u>	<u>4.084.154</u>

The terms of borrowings with related parties are disclosed in Note 18.

Samvardhana Motherson Global Holdings Limited

20 Related party transactions (continued)

(iv) Loans to related parties

	2019 €	2018 €
Loan to subsidiary:		
At beginning of year	-	-
Loans advanced during year	150.000.000	-
Interest charged (Note 8)	<u>2.384.520</u>	-
At end of year	<u>152.384.520</u>	-

(v) Share pledges

As at 31 March 2019, 2018, 2017, 2016 and 2015, the Company's shares in an investee are pledged in favour of commonly controlled entities (Note 12). No loss is expected by the management of the Company in relation to the existing pledge agreements with related parties due to the borrowers' compliance with the relevant loan terms.

21 Events after the reporting date

There were no material events after the reporting date, which have a bearing on the understanding of the financial statements.

22 Accounting policies before 1 January 2018

Accounting policies applicable to the comparative period ended 31 March 2018 that were amended by IFRS 9, are as follows.

Financial assets

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise "cash and cash equivalents" in the statement of financial position.

The Company assesses at the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.