Standalone Financial Statements

For the year ended March 31, 2019

All amounts in Euro'000, unless otherwise stated

B.1 Statement of Financial Position

	Note	March 31, 2019	March 31, 2018
ASSETS			
Property, plant and equipment	**B.6.3.1**	355	355
Investments in subsidiaries	**B.6.3.2**	1,272,098	1,077,182
Loans to related parties	**B.6.3.3**	756,742	669,288
Other financial instruments	**B.6.3.4**	2,087	-
Other receivables and assets	**B.6.3.5**	584	885
Total non-current assets		**2,031,866**	**1,747,710**
Receivables from related parties		945	1,062
Other financial instruments	**B.6.3.4**	673	-
Other receivables and other assets	**B.6.3.5**	15,362	14,917
Cash and cash equivalents	**B.6.3.6**	99,240	39,008
Total current assets		**116,220**	**54,987**
Total assets		**2,148,086**	**1,802,697**
EQUITY AND LIABILITIES			
Subscribed capital	**B.6.3.7**	66	66
Share premium	**B.6.3.7**	900,910	900,910
Cash flow hedge reserve	**B.5**	(3,749)	(8,157)
Retained earnings	**B.5**	191,635	82,655
Total equity		**1,088,862**	**975,474**
Borrowings	**B.6.3.8**	949,713	713,367
Other financial instruments	**B.6.3.4**	5,422	28,065
Other liabilities	**B.6.3.9**	2,385	-
Total non-current liabilities		**957,520**	**741,432**
Borrowings	**B.6.3.8**	86,905	69,218
Other liabilities	**B.6.3.9**	14,799	16,573
Total current liabilities		**101,704**	**85,791**
Total liabilities		**1,059,224**	**827,223**
Total equity and liabilities		**2,148,086**	**1,802,697**

The notes on pages 160 to 197 are an integral part of these financial statements.

B.2 Income Statement

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Service income	**B.6.4.1**	837	1,344
Dividend income	**B.6.4.2**	98,500	46,500
Personnel expenses	**B.6.4.3**	(406)	(521)
Other operating expenses	**B.6.4.4**	(3,567)	(6,784)
Result from operating activities		**95,364**	**40,539**
Finance income	**B.6.4.5**	45,306	31,584
Finance costs	**B.6.4.5**	(31,691)	(55,119)
Finance costs – net		**13,615**	**(23,535)**
Earnings Before Taxes (EBT)		**108,979**	**17,004**
Income taxes	**B.6.4.6**	-	-
Profit for the year		**108,979**	**17,004**

The notes on pages 160 to 197 are an integral part of these financial statements.

B.3 Statement of Comprehensive Income

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year after tax:	**108,979**	**17,004**
Other comprehensive income / (loss):	**4,408**	**(5,308)**
- Items that may be subsequently classified to Profit & Loss		
Cash flow hedges	4,408	(5,308)
Income tax relating to these items	-	-
Total comprehensive income for the year	**113,387**	**11,696**

The notes on pages 160 to 197 are an integral part of these financial statements.

B.4 Cash Flow Statement

	Note	Year-ended March 31, 2019	Year-ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes	**B.2**	**108,979**	**17,004**
Finance costs – net (excluding foreign exchange loss)	**B.6.4.5**	(6,752)	20,678
Dividend from subsidiaries		(98,500)	(46,500)
Foreign currency translation loss /(gain)		1,557	3,016
Net earnings before changes in working capital		**5,284**	**(5,802)**
Change in working capital			
Decrease /(increase) in receivables from related parties		117	(373)
Decrease /(increase) in other receivables and assets		203	(168)
Increase/(decrease) in other liabilities		(1,999)	(454)
Cash flow from operating activities before income tax		**3,605**	**(6,797)**
Income tax paid		-	-
Cash flow from operating activities (A)		**3,605**	**(6,797)**
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in subsidiaries		(194,916)	(21,900)
Dividend from subsidiaries		98,500	46,500
Purchase of property plant and equipment		-	(14)
Loans given to subsidiaries		(546,006)	(459,213)
Repayment of loan given to subsidiaries		478,630	290,033
Interest received		38,194	30,758
Cash flow from investing activities (B)		**(125,598)**	**(113,836)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		50,216	292,000
Repayment of short term borrowings (net of receipts)		163,213	(445,649)
Interest paid		(26,915)	(40,119)
Cash flow from financing activities (C)		**186,514**	**(193,768)**
Changes in cash and cash equivalents (A+B+C)		64,521	(314,401)
Cash and cash equivalents at beginning of period		39,008	361,260
Variation in cash and cash equivalents from translation in foreign currencies		(4,289)	(7,851)
Cash and cash equivalents at end of year	**B.6.3.6**	**99,240**	**39,008**

The notes on pages 160 to 197 are an integral part of these financial statements.

All amounts in Euro'000, unless otherwise stated

B.5 Statement of Changes in Equity

	Share capital	Share premium	Cash flow hedge reserve	Retained earnings	Total
As at April 01, 2017	**66**	**900,910**	**(2,849)**	**65,651**	**963,778**
Comprehensive income					
Profit for the year	-	-	-	17,004	17,004
Items that may be subsequently classified to Profit & Loss					
Cash flow hedge reserve	-	-	(5,308)	-	(5,308)
Total comprehensive income	**-**	**-**	**(5,308)**	**17,004**	**11,696**
Transactions with owners					
Shares issued during the year	-	-	-	-	-
As at March 31, 2018	**66**	**900,910**	**(8,157)**	**82,655**	**975,474**
As at April 01, 2018	**66**	**900,910**	**(8,157)**	**82,655**	**975,474**
Comprehensive income					
Profit for the year	-	-	-	108,980	108,980
Items that may be subsequently classified to Profit & Loss					
Cash flow hedge reserve	-	-	4,408	-	4,408
Total comprehensive income	**-**	**-**	**4,408**	**108,980**	**113,388**
Transactions with owners					
Shares issued during the year	-	-	-	-	-
As at March 31, 2019	**66**	**900,910**	**(3,749)**	**191,635**	**1,088,862**

The notes on pages 160 to 197 are an integral part of these financial statements.

B.6 Notes to the Financial Statements

B.6.1 General information and description of the business

Samvardhana Motherson Automotive Systems Group BV, Amsterdam (hereafter referred as "Company" or "SMRP BV") is a private company with limited liability, incorporated under the laws of the Netherlands on 7 October 2011, having its corporate seat at Amsterdam (KvK number 53709713), with office at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

The principal business activities of the Company are holding, financing and management activities.

B.6.2 Summary of Significant Accounting Policies

B.6.2.1 Basis of preparation

The financial statements of the Company comprise the period April 01, 2018 to March 31, 2019.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, and comply with the financial reporting requirements in section 9 of Book 2 of the Netherlands Civil Code, as far as applicable. These correspond to the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and endorsed by the European Union.

The financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting. The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the parent financial statements of the Company should be read in conjunction with the consolidated financial statements.

The financial statements are presented in euros and all values are rounded to the nearest euro, except when otherwise indicated.

These financial statements have been approved for issue by SMRP BV's management and supervisory board on May 21, 2019.

B.6.2.2 Functional and presentation currency

The financial statements are presented in Euro (€), which is the Company's functional currency, as it is the currency of the primary economic environment in which the Company operates.

B.6.2.3 Transactions in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate prevailing on this date. Differences from foreign currency transactions are reported in the income statement. Non-monetary assets and liabilities that are measured at historical cost in foreign currencies at the reporting date are translated into the functional currency at the rate prevailing on the day of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies at the reporting date are translated into the functional currency at the rate prevailing on the date on which the fair value was determined.

B.6.2.4 Investments in subsidiaries

Subsidiaries are 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.

In line with IAS 27, the investments in subsidiaries have been valued at cost. Dividend will be recognised in the income statement when received or when the Company is legally entitled to the dividend.

In general, the Company yearly performs reviews at the reporting date to determine whether there were indications that financial fixed assets or their cash-generating units have to be impaired. The amount of impairment is the difference between the asset´s carrying amount and the recoverable amount. The recoverable amount of a fixed asset or a cash-generating unit is the higher of fair value less costs to dispose and the value in use. Calculation of recoverable amount is based on estimated future cash flows, discounted at an appropriate interest rate. Impairments, if any, are reported in the income statement.

B.6.2.5 Financial assets and financial liabilities

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

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

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

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

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments:* Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company had no such instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement. This category includes derivative instruments.

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment
From April 01, 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement. This category generally applies to interest-bearing loans and borrowings.

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 capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

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

A.6.2.8.3 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note B.6.5.3. Movements in the hedging reserve in shareholders' equity are shown in note B.6.5.3. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Company generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

The gain or loss relating to the effective portion of the cross currency interest rate swaps hedging foreign currency borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

Accounting policies applied until March 31, 2018
The Company has applied IFRS 9 prospectively and has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Until March 31, 2018, the Company classified its financial assets in the following categories:
- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

a. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in the income statement. Changes in the fair value of financial assets measured at fair value – either because they have been designated as such upon initial recognition or are held for trading – are recognised directly in the income statement. They are also reported as current assets if they are being held for trading or it can be reasonably expected that they will be converted within twelve months from the reporting date.

b. Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables that have fixed or determinable payments and are not listed on an active market are measured at amortised cost using the effective interest method less any necessary write-downs arising from impairments. They are reported in the statement of financial position under other receivables and other assets unless they are trade receivables and are recorded as non-current or current depending on their maturity period.

c. Financial assets held to maturity are initially recognised at fair value plus transaction costs. Financial assets held to maturity which exhibit fixed or determinable payments and a fixed maturity period, and which the Company wishes and is able to hold until maturity are measured at amortised cost and reported depending on their maturity period as non-current or current assets. The amortisation and losses arising from impairments are recognised in the statement of profit or loss.

d. Available-for-sale financial assets that have been classified as such upon initial recognition are measured at fair value plus transaction costs, provided that this can be determined, and then reported as non-current or current assets, depending on the expected time of sale. Gains and losses from changes in fair value are recorded net, i.e. after tax, and taken directly to equity ("Other comprehensive income") until the financial asset has been derecognised.

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. To determine if an available-for-sale financial asset is impaired, the Company evaluates the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and short-term business outlook for the investee (including factors such as industry and sector performance, changes in technology and operational and financing cash flows).

In the event that an asset is impaired permanently, however, the loss must be recorded directly in the income statement. If it is not possible to determine the fair value, for example with holdings in non-consolidated affiliated companies or other investments in companies, these assets are measured at cost.

Impairment of financial assets

(a) Assets carried at amortised cost
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or a Company 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 Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Company of financial assets is impaired

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments as cash flow hedges.

Derivative financial instruments that are not part of a hedging relationship are carried at fair value upon initial recognition, corresponding to the fair value of the consideration received or given in return. After initial recognition, derivative financial instruments are carried at fair value, which is based on the market value of the financial instrument. Any changes in fair value are recorded directly in profit or loss.

Hedge accounting
The Company designates fixed-to-fixed cross-currency interest-rate swaps as hedging instruments in cash flow hedges in respect of risk of variability, due to changes in foreign exchange rates, in EURO cash flows on financial assets and financial liabilities denominated in foreign currency. The Company also designates foreign currency forward contracts as hedging instruments in respect of risk of variability of cash flows due to cash flows in currencies denomination in other than the functional currency of the entity. Such hedges of foreign exchange risk on highly probable forecast cash flows are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in 'Cash Flow Hedge Reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and is included in the line 'Other Income or Other Operating Expenses'.

Amounts previously recognised in 'Cash Flow Hedge Reserve' and accumulated in equity are reclassified to the income statement in the periods when the hedged item affects income statement. The gain or loss relating to the effective portion of cross-currency interest-rate swaps is recognised in profit or loss within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

Discontinuation of hedge accounting

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity is reclassified from equity to income statement in the same period or periods during which the hedged forecast cash flows affect the income statement. If the underlying hedge transaction is no longer expected to occur, the amounts accumulated in equity are immediately reclassified in full to the income statement.

B.6.2.6 Receivable from related parties

Receivables are amounts due from subsidiaries and other related parties for the services charged to them.

B.6.2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand/bank and short-term deposits with an original maturity three month or less.

Because of the short term nature of Cash and cash equivalent, the Company recognises these at its contractual par amount. Similar to trade receivables, the Cash and cash equivalent involves one single cash flow which is the repayment of the principal. Therefore, the cash flows resulting from the receivables meet the SPPI test of payments of principal and interest despite the interest component being zero. The Company holds these balances in order to collect contractual cash flows. Cash and cash equivalent is therefore classified as measured at amortised cost. Cash and cash equivalents are also subject to the general approach. However, due to the fact that Cash and cash equivalent is repayable on demand, 12-month and lifetime expected losses are the same. The expected credit losses are considered insignificant.

B.6.2.8 Taxes

Current taxes are those taxes foreseeably payable on a year's taxable income in accordance with the statutory tax rates or tax rates that had been substantially adopted as of the reporting date, as well as all adjustments to payable taxes in relation to previous reporting periods.

Income taxes for the annual result reported in the income statement comprise current taxes and deferred taxes. Income taxes are recorded in the income statement unless they relate to items recognised directly in equity or in other comprehensive income. In this case, the income taxes incurred are also recognised directly in equity or in other comprehensive income.

Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amount as per IFRS and the relevant tax assessment basis. Deferred tax liabilities are not recognised for temporary differences ("outside-basis differences") if the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities for dividends from subsidiaries will be recognised if the parent company determines that the profits of the respective subsidiary will be distributed in the foreseeable future. Deferred tax assets contain tax assets that are derived from the expected utilization of unused tax losses and unused tax credits, unless it is improbable that the future taxable profits will be available against which the temporary differences can be utilized. Deferred taxes are calculated on the basis of the tax rates that are expected to apply to the period when the asset is realized and the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period in the respective country.

B.6.2.9 Recognition of income and expenses

Service Income is income generated from services provided to associated companies based on agreed scope of services.

Operating expenses are recognised when goods or services are used or when the expense is incurred.

Interest expense is recognised using the effective interest method as an expense or income for the period in which it occurs. This allows a constant, periodic interest rate for the remainder of the liability to be calculated.

Dividend income is recognised when the right to receive payment is established and disclosed separately in the income statement.

Interest income is recognised on a pro-rata basis for the period funds were given to the subsidiaries using effective interest method as per the rate of interest mentioned in the loan agreements. Interest income is included in the finance income and costs in the income statement.

B.6.2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

B.6.2.11 Changes in accounting policies and disclosures

The IASB has adopted the following changes to existing IFRS and adopted new IFRS standards, which have also already been adopted by the European Commission, thereby making their application mandatory as for Financial Year 2018-19 to the extent relevant for the Company.

New standards and interpretations

During the financial year ended March 31, 2019, below mentioned amendments to IFRS became applicable to the Company, however these did not have any impact on the net asset, financial or income position of the Company.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements 2014-2016 cycle
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Company had to change its accounting policies following the adoption of IFRS 9 and IFRS 15. This is disclosed below. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from April 01, 2018 resulted in changes in accounting policies. However there were no adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note B.6.2.5 above. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The Company has assessed which business models apply to the financial assets and liabilities held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. There is no change in categories assessed on transition to IFRS 9.

The foreign currency forwards and cross currency swaps in place as at March 31, 2018 qualified as cash flow hedges under IFRS 9. The Company's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces the existing standards on recognition of revenue and provides new principles for recognition of revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Company has adopted modified retrospective approach whereby comparative information has not been restated.

The Company provide management and support services to its subsidiairies and other relared parties. Revenue is recognised in the accounting period in which the services are rendered. There was no change in recognition of revenue under IFRS 15, hence no adjustment was required to made in these financials.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) IFRS 16 Leases

Nature of change :
IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rental are recognised. The only exceptions are short-term and low-value leases.
The accounting for lessors will not significantly change.

Impact :

The Company is currently reviewing the impact of the new accounting standard, however given the relatively smaller lease expense, the change is not expected to result in significant adjustments.

Mandatory application date/ Date of adoption by the Company :

The Company will apply the standard from its mandatory adoption date of April 01, 2019. The Company intends to apply the Modified Retrospective approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ii) IFRIC 23 – Uncertainty over Income Tax Treatments

In June 2017 the IASB issued IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments which provides requirements regarding how to reflect uncertainties in accounting for income taxes. The interpretation is effective on or after 1 January 2019. The company does not expect any material impact from the adoption of this interpretation.

(iii) IFRS 9 – Prepayment Features with Negative Compensation

In October 2017 the IASB issued Amendments to IFRS 9 – Financial Instruments that allow, under certain conditions, for a prepayable financial asset with negative compensation payments to be measured at amortized cost or at fair value through other comprehensive income. The final amendments also contain a clarification relating to the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The amendments are effective on or after 1 January 2019 and are not expected to have a material impact upon adoption.The following have been issued by the IASB but not yet endorsed by the European Union.

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All amounts in Euro'000, unless otherwise stated

B.6.3 Disclosures regarding the Statement of Financial Position

B.6.3.1 Property, plant and equipment

	Land	Total
Cost		
At April 01, 2017	**341**	**341**
Additions	14	14
At March 31, 2018	**355**	**355**
Additions	-	-
At March 31, 2019	**355**	**355**

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B.6.3.2 Investment in subsidiaries

In line with IAS 27, the investments have been valued at cost in the company's separate financial statements. A summary of movement in the investments is presented below:

	Amount in €
At March 31, 2017	**1,055,282**
Investments during the year	21,900
At March 31, 2018	**1,077,182**
Investments during the year	194,916
At March 31, 2019	**1,272,098**

During the year, the Company contributed additional capital of k€ 21,898 into SMP Automotive Technology Ibérica, S.L.

Further, during the year company acquired Reydel Automotive Group by acquiring shares in Reydel Automotive Management B.V. (renamed as SMRC Automotive Interiors Management B.V) and and Reydel Automotive Holding B.V. (renamed as SMRC Automotive Holdings B.V.) and paid a consideration of k€ 173,018 (kUSD 200,390). The fair value of net assets as of the acquisition date was € 185,196, the resulting gain on bargain purchase has been recognised in the consolidated financial statements of the Company, for more details refer Note A.6.3.1

B.6.3.2.1 Details of investments

The carrying value of investments in subsidiaries and the percentage of shareholding are as below:

Name of the entity	Share	March 31, 2019	March 31, 2018
Samvardhana Motherson Reflectec Group Holdings Limited	98.45%	905,716	905,716
Samvardhana Motherson Peguform GmbH	100%	3,804	3,804
SMP Automotive Interiors (Beijing) Co. Ltd	100%	6,000	6,000
SMP Automotive Technology Ibérica, S.L.	100%	183,560	161,662
SMP Automotive Systems México, S. A. de C. V.	00.00%	0	0
SMRC Automotive Holdings B.V.	85.26%*	145,052	-
SMRC Automotive Interiors Management B.V.	100%	27,966	-
Total		**1,272,098**	**1,077,182**

** represents direct shareholding, however held 100% indirectly via SMRC Automotive Interiors Management B.V.*

B.6.3.2.2 Impairment of investments

At the end of each reporting period, the Company performs a review of its investments to determine whether there were indications that any of these investments may have been impaired. The amount of impairment is the difference between the investments carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and the value in use. Calculation of recoverable amount is based on estimated future cash flows, discounted at the effective interest rate at the reporting date. As at the end of March 31, 2019 there were no indications of decline in the recoverable value and hence no impairment loss needs to be recognised in the financial statements.

All amounts in Euro'000, unless otherwise stated

B.6.3.2.3 Investments pledged as security

Shares in Samvardhana Motherson Reflectec Group Holdings Limited, Samvardhana Motherson Peguform GmbH, SMP Automotive Technology Ibérica, S.L. and SMRC Automotive Holdings B.V. have been pledged as security for borrowings, refer Note B.6.3.8 for details.

B.6.3.3 Loans to related parties

	March 31, 2019	March 31, 2018
Non-current		
Loans to related parties	756,742	669,288

The loans are given to subsidiaries and carry varying rates of interest from 4.50% to 5.60% determined on the basis of credit risk of the relevant subsidiary and costs of borrowings to the Company. The loans are revolving in nature and governed by a master agreement which provides for an ultimate repayment date extending beyond 12 months after March 31, 2019 and hence classified as non-current. The Company's receivables are from its subsidiaries for which credit risk is perceived as insignificant. The maximum exposure to the credit risk is the carrying value of the loans.

B.6.3.4 Other financial instruments

	March 31, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Cross currency swaps	2,087	5,422	-	28,065
Current				
Cross currency swaps	673	-	-	-

The Company has entered into fixed to fixed cross currency swaps in order to hedge against the fluctuations in USD/EURO foreign exchange rate related to its US$ 400 million notes (amount hedged US$ 235 million) and term loans US$ 60 million (amount hedged US$ 60 million). The terms of the US$ 235 million swaps are on fixed to fixed basis wherein the Company pays interest in EURO terms on a fixed interest rate and receives interest in USD terms on a fixed interest rate. The terms of the US$ 60 million swap are on fixed/floating to floating basis wherein the Company pays interest in EURO terms on variable rate linked to EURIBOR and receives interest in USD terms on a fixed interest basis for part of the amount as well as time and on variable basis linked to USD LIBOR on remaining amount and time.

The maximum exposure to the credit risk is the carrying value of instruments.

Please refer note B.6.5.3 for more details.

All amounts in Euro'000, unless otherwise stated

B.6.3.5 Other receivables and assets

	March 31, 2019	March 31, 2018
Non-current		
Unamortised borrowing costs	576	881
Deposits	8	4
Total	**584**	**885**
Current		
Interest receivable from subsidiaries	14,840	14,050
Unamortised borrowing costs	474	396
Prepaid expenses	48	32
Others	-	439
Total	**15,362**	**14,917**

The carrying values approximately correspond to the fair values.

B.6.3.6 Cash and cash equivalents

	March 31, 2019	March 31, 2018
Cash at bank	99,240	39,008
Total	**99,240**	**39,008**

There are no contractual or other restrictions on the use of cash and cash equivalents.

Cash and cash equivalents are pledged as security in respect of borrowings, refer Note B.6.3.8 for details.

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B.6.3.7 Equity

The authorised share capital of the Company amounts to € 90,000, divided into 90,000 shares with a nominal value of € 1 each. The issued and paid in capital amounts to € 66,176, divided into 66,176 shares with a nominal value of € 1 each held by Samvardhana Motherson Global Holdings Limited (45,676 shares) and Samvardhana Motherson Polymers Limited (20,500 shares).

Movement during the period can be summarised as follows:

	Number of equity shares (in No.s)	Share Capital (in €'000)
As at March 31, 2017	**66,176**	**66**
Add: Issued during the year	-	-
As at March 31, 2018	**66,176**	**66**
Add: Issued during the year	-	-
As at March 31, 2019	**66,176**	**66**

Share premium

On June 13, 2014 The company issued 45,676 shares of € 1 each to Samvardhana Motherson Group Holdings Limited, Cyprus in lieu of acquisition of 98.45% interest in Samvardhana Motherson Reflectec Group Holdings Limited, Jersey for a non-cash consideration of k€ 905,716 consisting of € 45,676 towards share capital and transfer of k€ 12,250 loan from MSSL Mideast (FZE), the remaining amount of k€ 893,420 was recognised as share premium. As a result of this transaction, SMRP BV became subsidiary of SMGHL and SMR became subsidiary of SMRP BV.

The Company also received share premium contributions amounting to k€7,490 in the previous years from its other shareholder Samvardhana Motherson Polymers Limited.

Cash flow hedge reserve

The Company uses cross currency interest rate swaps ('swaps') as hedging instruments for its foreign currency risk associated with foreign currency borrowings. The hedging reserve is used to record gains or losses on such hedging instruments that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. The foreign exchange gain or loss on the portion of borrowings hedged by swaps is reclassified from cash flow hedge reserve to profit or loss and recognised within 'finance cost'. No approporiations can be made out of cash flow hedge reserve. Please refer note B.6.5.3 for more details.

Retained earnings

The retained earnings represent accumulated gains which have been transferred to the reserves and have not been approproiated or distributed as dividend to shareholders. The profits for the current year have been transferred to retained earnings.

All amounts in Euro'000, unless otherwise stated

B.6.3.7.1 Differences between the company equity and the Company's consolidated equity

The difference between the company's standalone equity and the Company's consolidated equity is explained by the fact that the company's investments in subsidiaries are eliminated against their net asset value in the consolidated financial statements; however these are accounted for at historical costs in the company financial statements. Further differences can be explained by the results on intercompany transactions.

The difference between the company and Company's consolidated equity and result for the year can be shown as follows:

	March 31, 2019	March 31, 2018
Equity in accordance to the consolidated financial statements	791,987	654,434
Add: negative net asset values of consolidated subsidiary companies	(523,794)	(362,556)
Add: not realised cumulative intercompany results	820,669	683,597
Equity in accordance to the company financial statements	**1,088,862**	**975,475**

B.6.3.7.2 Difference in results

	Year ended March 31, 2019	Year ended March 31, 2018
Result for the year in accordance to the consolidated financial statements	105,975	138,365
Result of consolidated subsidiary companies	(125,246)	(152,705)
Results on Intercompany transactions	128,250	31,344
Result for the year in accordance to the company financial statements	**108,979**	**17,004**

B.6.3.8 Borrowings

	March 31, 2019	March 31, 2018
Non-current		
Notes (at amortized cost)	747,029	713,367
Term Loan from banks	52,684	-
Loans from related parties	150,000	-
Non-current borrowings	**949,713**	**713,367**
Current		
Bank loans	62,405	69,218
Loans from related parties	24,500	-
Current borrowings	**86,905**	**69,218**

(i) Secured liabilities and assets pledged as security

a) Notes

The 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 March 31, 2019, the Company has issued below mentioned notes which were outstanding on the date referred –

All amounts in Euro'000, unless otherwise stated

Principal amount	Coupon rate (fixed)	Maturity
€ 100 million	3.700%	18 June 2025
US$ 400 million	4.875%	16 December 2021
€ 300 million	1.80%	06 July 2024

b) Term Loan

During the period, the Company 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.

c) Bank Loans

Borrowings from banks represent utilisations under the Revolving Credit Facility Agreement and are secured as mentioned above.

d) Loans from related parties

Loans from related parties represents unsecured loan amounting to Euro 150 million obtained from Samvardhana Motherson Global Holdings Ltd., Cyprus (SMGHL), one of the company's shareholders. The interest rate on the loan is 5.99% and it will mature on 19th July 2026.

Further the Company also received loans from its subsidiaries during the year. As of March 31, 2019 there was an outstanding of k€ 24,500 in respect of such loans.

(ii) Fair value

The Company's Notes are listed on Irish Stock Exhcnage and their fair values are as below -

	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
€ 100 million	98,473	92,504	98,260	103,975
US$ 400 million	354,686	357,356	322,322	328,178
€ 300 million	293,870	264,237	292,785	287,187

Fair values of the notes represent traded value on Irish Stock Exchange where these notes are listed and they are classified as below –

As at March 31, 2019	Level 1	Level 2	Level 3
€ 100 million	-	-	92,504
US$ 400 million	357,356	-	-
€ 300 million	264,237	-	-

As at March 31, 2018	Level 1	Level 2	Level 3
€ 500 million	-	-	103,975
€ 100 million	328,178	-	-
US$ 400 million	287,187	-	-

All amounts in Euro'000, unless otherwise stated

Euro 100 million notes are held by a limited set of investors and are not very actively traded on the stock exchange, as a result the fair value of these notes is based on computed prices and hence fall in Level 3 hierarchy.

Fair value of other loans is considered to be same as carrying value.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	March 31, 2019	March 31, 2018
Cash and Cash equivalents	99,240	39,008
Borrowings – repayable within one year	(86,905)	(69,218)
Borrowings – repayable after one year	(949,713)	(713,367)
Net Debt	**(937,378)**	**(743,577)**

	Cash and Cash equivalents	Notes	Other Borrowings	Loans from related parties	Net Debt
As at April 01, 2017	**361,260**	**(959,303)**	**-**	**(17,400)**	**(615,443)**
Cash flows	(314,401)	208,000	(71,751)	17,400	(160,752)
Foreign exchange adjustments	(7,851)	50,598)	2,533	-	45,280
Other non-cash movements	-	(12,662)	-	-	(12,662)
As at March 31, 2018	**39,008**	**(713,367)**	**(69,218)**	**-**	**(743,577)**
Cash flows	64,521	-	(38,927)	(174,500)	(148,906)
Foreign exchange adjustments	(4,289)	(31,752)	(6,849)	-	(42,890)
Other non-cash movements	-	(1,910)	(95)	-	(2,005)
As at March 31, 2019	**99,240**	**(747,029)**	**(115,089)**	**(174,500)**	**(937,378)**

Other non-cash movements for represent amortisation of issue costs related to Notes and term loan issued by the Company.

B.6.3.9 Other liabilities

	March 31, 2019	March 31, 2018
Non-current		
Interest on loans from related parties (note 1 below)	2,385	-
Total	**2,385**	**-**
Current		
Interest and commitment fee on borrowings	11,114	10,890
VAT payable	0	19
Accrued expenses	2,164	4,431
Other payables	1,521	1,233
Total	**14,799**	**16,573**

1. As per the terms of the loan from SMGHL, interest is payable on maturity date of loan i.e. 19th June 2026 or repayment whichever is earlier.

All amounts in Euro'000, unless otherwise stated

B.6.4 Disclosures regarding the Income Statement

B.6.4.1 Service income

	Year ended March 31, 2019	Year ended March 31, 2018
Management Services	837	654
Internal audit	-	72
General Services	-	618
Total	**837**	**1,344**

B.6.4.2 Dividend income

	Year ended March 31, 2019	Year ended March 31, 2018
Samvardhana Motherson Peguform GmbH	39,000	39,000
SMP Automotive Technology Ibérica, S.L.	4,500	7,500
SMRC Automotive Holdings B.V.	55,000	-
Total	**98,500**	**46,500**

B.6.4.3 Personnel expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	296	402
Social security costs	64	41
Other expenses	46	78
Total	**406**	**521**

For the year ended March 31, 2019 the Company has employed 3 persons (March 31, 2018 : 3 employees) (including part-time employment) based out of the Netherlands.

All amounts in Euro'000, unless otherwise stated

B.6.4.4 Other operating expenses

	Year ended March 31, 2019	Year ended March 31, 2018
General and administration expenses	1,985	2,220
Auditors remuneration	486	789
Foreign exchange loss (net)	12	56
Legal and professional expenses	1,084	3,719
Total	**3,567**	**6,784**

During the year ended March 31, 2019, following amounts were recorded in respect of fee (excluding VAT) paid to auditor for various services

	Ernst & Young Accountants LLP	Other EY Network	Total EY Network
Audit of the financial statements	115	324	439
Tax services[1)]	-	7	7
Other non-audit services[1)]	-	65	65
Total	**115**	**396**	**511**

The fees listed above relate to the procedures applied to the Company by accounting firms and external auditors forming part of Ernst & Young network; as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta'). For details on remuneration related to the consolidated group, please refer note A.6.4.6 of the consolidated financial statements.

During the year ended March 31, 2018, following amounts were recorded in respect of fee (without VAT) paid to auditor for various services

	Ernst & Young Accountants LLP	Other EY Network	Total EY Network
Audit of the financial statements	84	320	404
Total	**84**	**320**	**404**

[1)] Included in legal and professional expenses

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors forming part of PricewaterhouseCoopers network; as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta'). Above fee does not include fee for procedures performed by previous auditor for a part of the year before appointment of Ernst & Young as auditor for the year ended March 31, 2019.

All amounts in Euro'000, unless otherwise stated

B.6.4.5 Finance income and costs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income	38,443	31,584
Foreign exchange gain (net)	6,863	-
Total finance income	**45,306**	**31,584**
Foreign exchange losses (net)	-	2,857
Interest expense on borrowings	29,244	39,574
Amortisation of borrowing costs	2,447	12,688
Total finance costs	**31,691**	**55,119**

Foreign exchange gain / loss contain amounts from the revaluation and settlement of foreign currency borrowings and cash and bank balances.

Interest income recorded above is in line with effective interest rate method.

On July 06, 2017 the Company issued € 300 million 1.8% Senior Secured Notes due 2024. The proceeds from these notes together with the cash available were utilised to prepay outstanding € 500 million 4.125% Senior Secured Notes due 2021. Accordingly, redemption premium and unamortised transaction costs amounting to k€ 21,153 were charged to the income statement for the year ended March 31, 2018.

B.6.4.6 Income taxes

Deferred income taxes are calculated using the balance-sheet based liability method. Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amount of an asset or liability and the values used for taxation purposes. However no deferred tax assets are recognised on current year and carry-forward tax losses as it is not certain when such assets will be reversed against taxable income.

The income tax expense comprises the following:

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax expense	-	-
Deferred tax expense	-	-
Total	**-**	**-**

The general tax rate for the Company is 25% as per the corporate tax laws prevailing in the Netherlands. A reconciliation of tax expense and accounting profit is presented below

	Year ended March 31, 2019	Year ended March 31, 2018
Earnings before tax	108,979	17,004
Tax on profits /(losses)	27,245	4,251
Deferred tax asset not recognised on loss	-	7,374
Tax impact on dividends (exempt from tax)	(24,625)	(11,625)
Carry forward losses utilized	(2,620)	-
Tax expense	**-**	**-**

Deferred tax assets have not been recognised on carry forward of losses as they are not expected to be recoverable in the near future. Deferred taxes are determined on the basis of tax rates that are applicable or can be expected at the time of the realisation of the gain. The expiry date of unused tax losses is as below:

Expiry date	Amount
Next 1 year	-
Next 2 years	-
Next 3 years	-
Next 4 years	-
Next 5 years	-
Next 6 years	9,142
Next 7 years	29,680
Total unused tax losses*	**38,822**

*subject to finalisation of tax returns

All amounts in Euro'000, unless otherwise stated

B.6.5 Other disclosures
B.6.5.1 Financial instruments

The following table shows the carrying amounts of the Company's financial instruments :

Financial instruments	March 31, 2019	March 31, 2018
FINANCIAL ASSETS		
Financial assets at amortised cost		
Loans to related parties	756,742	669,288
Receivables from related parties	945	1,062
Other receivables	14,848	14,493
Cash and cash equivalents	99,240	39,008
Derivative financial instruments		
Used for hedging	2,760	-
FINANCIAL LIABILITIES		
Liabilities at amortised cost		
Borrowings		
Notes	747,029	713,367
Term loans	52,684	-
Bank loans	62,405	69,218
Other loans	174,500	-
Other liabilities	17,184	16,554
Derivative financial instruments		
Used for hedging	5,422	28,065

Due to the short-term nature of cash and cash equivalents and the short-term maturities of receivables from related parties, trade payables, other receivables and liabilities, their fair values are equal to their carrying amounts.

A description of the Company's financial instrument risks, including risk management objectives and policies is given in note B.6.5.3.

B.6.5.2 Contingent Liabilities

The Company has issued senior secured notes and entered into term loan and revolving credit facilities agreements. As per the terms of the agreements, the Company is the initial guarantor to these borrowings and has provided security of its bank accounts along with assets of certain of its subsidiaries for these borrowings. Refer Note B.6.3.8 for details on the arrangement.

The Company has further given corporate guarantees to various financial institutions in respect of working capital facilities and/or letters of credit extended by those financial institutions to the Company's subsidiaries. As at March 31, 2019 total amount of such corporate guarantees outstanding was k€ 13,281 (March 31, 2018 : k€ 26,334) representing the utilised limits of those facilities.

The Company has acted as surety in respect of subsidy received by one of its subsidiary, which limits the total liability of the Company to the amount of subsidy. As at March 31, 2019 the Company may be contingently liable for k€ 26,778 (March 31, 2018 : k€ 15,101) in the event of non-compliance of subsidy conditions by the subsidiary.

For such financial guarantees issued by the Company, there is no expected default and therefore the financial guarantees are not recognised.

B.6.5.3 Risk management with respect to financial risks

The Company's primary financial assets and liabilities include loans given to its subsidiaries and borrowings from third parties. The Company's financial assets like receivables, cash and cash equivalents arise directly out of these primary financial assets and liabilities.

These financial instruments are potentially exposed to foreign currency risk, credit risk and liquidity risk. Information on how these risks arise is set out below, as are the objectives, policies and processes agreed by the board for their management and the methods used to measure each risk.

The objective of the Company's treasury is to manage the financial risk, secure cost-effective funding for the Company and its subsidiaries operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Company's financial assets and liabilities, on reported profitability and on the cash flows of the Company. The treasury team is accountable to the board.

The Company gives due consideration to its risk mitigation process and ensures that appropriate measures are taken to avoid, reduce and transfer or intentionally accept risk. During the period the Company did not enter into any complex financial instruments nor had established any hedge relationship.

All amounts in Euro'000, unless otherwise stated

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Credit risk arises from cash and cash equivalents, trade and other receivables, loan to subsidiaries, financial instruments entered into by the Company. For banks and financial institutions, the Company maintain relationships with only creditworthy banks which it reviews on an on-going basis. Consequently, the credit risk related to bank balances and financial instruments is not considered material. Loans given to subsidiaries, trade and other receivables represent balances with subsidiaries and other related parties, accordingly credit risk is perceived as insignificant.

The following table shows the ageing of trade and other receivables:

	Total	Not overdue	Over due				
			< 30 days	30-90 days	90-180 days	180-360 days	>360 days
March 31, 2019							
Receivables from related parties	945	614	-	80	-	-	251
Cash and cash equivalents	99,240	99,240	-	-	-	-	-
Interest receivable	14,840	10,404		2,218	2,206		12
Deposits	8	8	-	-	-	-	-
March 31, 2018							
Receivables from related parties	1,062	75	-	361	10	-	616
Cash and cash equivalents	39,008	39,008	-	-	-	-	-
Interest receivable	14,050	8,557	(183)	1,568	706	240	3,162
Deposits	4	4	-	-	-	-	-

All amounts in Euro'000, unless otherwise stated

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The treasury is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes are overseen by management regularly. Financial liabilities for which the corresponding counterparty can demand repayment at any time are assigned to the earliest possible time period.

The following table shows the remaining contractual maturities of financial liabilities of the Company presented on a gross and undiscounted basis and include estimated interest payments and exclude the impact of netting arrangements:

Financial Liabilities	March 31, 2019			
	Less Than 1 Year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (non-current)	16,671[1)]	488,454	625,696	**1,130,821**
Borrowings (current)	87,062[1)]	-	-	**87,062**
Other liabilities	14,799	-	2,385	**17,184**
Total	**118,532**	**488,454**	**628,081**	**1,235,067**
Derivative financial liabilities	(5,128)[1)]	(4,225)	-	**(9,353)**

[1)] Accrued interest as of March 31, 2019 is included in other financial liabilities

Financial Liabilities	March 31, 2018			
	Less Than 1 Year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (non-current)	13,437[2)]	408,529	419,002	**840,968**
Borrowings (current)	69,280[2)]	-	-	**69,280**
Other liabilities	16,554	-	-	**16,554**
Total	**99,271**	**408,529**	**419,002**	**926,802**
Derivative financial liabilities	(2,380)[2)]	13,375	-	**10,995**

[2)] Accrued interest as of March 31, 2018 is included in other financial liabilities

Market risk

Interest rate risk

Due to the fixed terms of interest at which majority of the borrowings are obtained and fixed terms for loans given to subsidiaries, the Company is not exposed to significant cash flow interest rate risk on financial assets and liabilities. The terms of revolving credit facility provides Euribor and LIBOR as the relevant base rate for amounts utilised under the facility whereas US$ term loans has been fully hedged with a cross currency swap wherein Company has to pay interest in EUR based on EURIBOR movement, however given the current weak Euribor rates, the management does not expect any material impact of future changes in the Euribor. In respect

All amounts in Euro'000, unless otherwise stated

of USD denomination utilisations from the revolving credit facility, the variability in LIBOR rates is not considered to be significant enough.
Foreign currency risk

The Company is also exposed to market risk with respect to changes in foreign exchange rates. These changes may affect the operating result and financial position.

Foreign exchange risk arises from loans given to few subsidiaries in USD and the related interest receivable and also the unhedged portion of USD denominated senior secured notes and interest arising thereon. In such cases, the Company usually borrow funds in USD and advances such funds to relevant subsidiary in USD, thereby achieving natural hedge.

The Company is exposed to foreign exchange risk arising from its US$ 400 million senior secured notes and US$ 60 million term loan. The Company has in place fixed to fixed cross currency interest rate swaps amounting to US$ 235 million in order to hedge against the fluctuations in USD/EURO foreign exchange rate for its US$ 400 million senior secured notes. The terms of the swap are on fixed to fixed basis wherein the Company pays interest in EURO terms on fixed interest rate and receives interest in USD terms on fixed interest rate. With respect to US$ 60 million term loan, the company has undertaken cross currency interest rate swaps to hedge against the foreign exchange fluctuation. The terms of the swap also includes exchange of interest on the nominal EURO and USD amounts of the swap. The Company receives interest under the swap in USD at rate similar to interst payable on term loan and pays interest under the swap based on Euribor + Margin.

As at March 31, 2019

Carrying amount of Hedge instrument		Nominal value of hedging instrument	Maturity date	Hedge ratio	Weighted average strike price	Changes in fair value of hedging instrument	Change in the value of hedged item
Assets	**Liabilities**						
-	5,422	US$ 175 million	15 December 2021	1:1	1.11	17,947	17,680
673	-	US$ 60 million	14 June 2019	1:1	1.14	5,371	5,371
2,087	-	US$ 60 million	29 August 2023	1:1	1.17	2,087	1,953

As at March 31, 2018

Carrying amount of Hedge instrument		Nominal value of hedging instrument	Maturity date	Hedge ratio	Weighted average strike price	Changes in fair value of hedging instrument	Change in the value of hedged item
Assets	**Liabilities**						
-	23,367	US$ 175 million	15 December 2021	1:1	1.11	(2,657)	(26,871)
-	4,698	US$ 60 million	14 June 2019	1:1	1.14	(4,698)	(4,687)

Cash flow hedge reserve

Below is the movement in cash flow hedge reserve for the period

Opening Balance as at April 01, 2017	**(2,848)**
Add: change in fair value of hedging instrument recognised in OCI for the year (effective portion)	(31,569)
Less: reclassification to foreign exchange gain (finance costs – net)	26,260

All amounts in Euro'000, unless otherwise stated

Closing balance as at March 31, 2018	**(8,157)**
Add: change in fair value of hedging instrument recognised in OCI for the year (effective portion)	25,270
Less: reclassification to foreign exchange gain (finance costs – net)	(20,862)
Closing balance as at March 31, 2019	**(3,749)**

During the year, hedge ineffectiveness gain of k€ 134 (March 31, 2018 : Nil) was recognised in the statement of profit or loss. The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. The Company uses the hypothetical derivative method to assess effectiveness.

Unhedged receivables and liabilities in foreign currencies as of the reporting date are listed in the following table:

In USD	March 31, 2019	March 31, 2018
Loans and other receivables	249,020	239,931
Borrowings	235,000	201,000
Other payables	2,775	2,468

The Company conducted sensitivity analyses at year-end to estimate the currency risk of these monetary financial instruments. If the Euro were to depreciate by 10% against the USD, receivables would increase by k€ 24,667 as on March 31, 2019 and if it were to appreciate by 10%, receivables would decrease by k€ 20,182. If the Euro were to depreciate by 10% against the Euro, borrowings and payables would increase by k€ 23,553 as on March 31, 2019 and if it were to appreciate by 10%, borrowings and payables would decrease by k€ 19,271. Net impact on equity would be gain of k€ 1,114 and a loss of k€ 911 in the mentioned two conditions respectively.

Capital 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.

Consistent with others in the industry, the Company monitors Net Debt to EBITDA ratio on a group level: Net debt (total borrowings net of cash and cash equivalents) divided by EBITDA (Profit before tax plus depreciation and amortization expense plus finance costs).

The Company is not subject to any capital requirements on the basis of its Articles of Incorporation. Certain capital requirements were contractually imposed in loan agreements with the financial institutions. As per the terms of the Notes and Revolver Credit Facilities referred to in note B.6.3.7, the Company is required to maintain financial covenants of net leverage ratio not exceeding 3.25x and net interest cover ratio more than 3.0x calculated on the Company's consolidated financial statements. For more details refer note A.6.6.3 of the Consolidated Financial Statements.

Upon the occurrence of any event of default under any of the Revolving Credit Facilities Agreements or the Notes, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors/Trustee could elect to declare all amounts outstanding, together with accrued interest, immediately due and payable and cancel the availability of the facilities, as applicable.

As at March 31, 2019 both the covenants have been met.

B.6.5.4 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, include the sale and purchase of goods and services. In addition, financing transactions have been undertaken.

Entities with significant influence over the Company
Samvardhana Motherson Global Holdings Limited ("SMGHL"), Cyprus, the direct parent entity of the Company holds 69% of the voting shares in the Company.

Samvardhana Motherson Polymers Limited ("SMPL"), India holds 31% of the voting shares in the Company.

SMGHL and SMPL are both indirectly held by MSSL (which prepares financial statements available for public use) and by Samvardhana Motherson International Limited ("SAMIL").

MSSL effectively holds 51% of the voting shares in the Company and therefore considered as Ultimate parent entity. SAMIL holds 49% of the voting shares in the Company.

As a result, MSSL and SAMIL and their direct and indirect held subsidiaries, except for the companies forming the Company are considered as related parties.

Key Management Personnel
Members of the management and supervisory board are considered to be Key Management Personnel as they are charged with the responsibility for planning, directing and controlling the activities of the Company.

Few of the KMP's receives sitting fee from the Company but no other remuneration as they are either the shareholders of substantial shareholders of the Company or these have operational role in other group companies and draw their remuneration from those companies and for which no recharge is made as their services to SMRP BV is considered incidental to their wider role.

There are no different roles and responsibilities for individual board member as all the directors are charged with managing the company affairs, therefore a split of directors fee between executive and non-executive directors is not presented.

All amounts in Euro'000, unless otherwise stated

B.6.5.4.1 Details of related party transactions

	Year ended March 31, 2019					
	Fellow Subsidiaries	Key management personnel	Entities with significant influence	Other related parties	Subsidiaries	Total
Services rendered	-	-	-	-	837	837
Interest on loans given	-	-	-	-	38,442	38,442
Dividend received	-	-	-	-	98,500	98,500
Services received	91	-	-	-	-	91
Legal and professional expenses	42	-	-	537	-	579
Interest on loans taken	-	-	-	2,386	268	2,654
General administration expenses	73	-	-	57	440	570
Directors fee	-	161	-	-	-	161
Loans given	-	-	-	-	546,006	546,006
Loans received back	-	-	-	-	478,630	478,630
Loans taken	-	-	-	150,000	79,500	229,500
Loans repaid	-	-	-	-	55,000	55,000

	Year ended March 31, 2018					
	Fellow Subsidiaries	Key management personnel	Entities with significant influence	Other related parties	Subsidiaries	Total
Services rendered	-	-	-	10	1,334	1,344
Interest on loans given	4	-	-	-	31,143	31,147
Dividend received	-	-	-	-	46,500	46,500
Services received	93	-	-	-	-	93
Legal and professional expenses	113	-	-	23	262	398
Interest on loans taken	-	-	-	-	33	33
General administration expenses	54	-	-	14	838	906
Directors fee	-	113	-	-	-	113
Loans given	4,000	-	-	-	455,213	459,213
Loans received back	4,000	-	-	-	251,233	255,233
Loans repaid	-	-	-	-	17,400	17,400

All amounts in Euro'000, unless otherwise stated

B.6.5.4.2 Details of related party balances

	As at March 31, 2019					
	Fellow Subsidiaries	Key management personnel	Entities with significant influence	Other related parties	Subsidiaries	Total
Receivables	-	-	-	-	945	945
Interest receivable	-	-	-	-	14,840	14,840
Interest Payable	-	-	-	2,385	268	2,653
Loans receivable	-	-	-	-	756,742	756,742
Other payables	14	-	-	519	160	693
Loans Payable	-	-	-	150,000	24,500	174,500

	As at March 31, 2018					
	Fellow Subsidiaries	Key management personnel	Entities with significant influence	Other related parties	Subsidiaries	Total
Receivables	-	-	-	10	1,052	1,062
Interest receivable	-	-	-	-	14,050	14,050
Loans receivable	-	-	-	-	669,288	669,288
Other payables	16	-	-	11	793	820

B.6.6 Accounting estimates and evaluations

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Impairment of financial fixed assets:

The company uses its judgement to perform the impairment testing on the bases of estimated discounted future cash flows. Details on the impairment testing can be found in note B.6.3.3.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

B.6.7 Subsequent Events

The Company have not observed any subsequent event.

Signing of the financial statements

Mr. Jacob Meint Buit
(Managing Director)

Mr. Randolph Marie Thaddeus De Cuba
(Managing Director)

Mr. Laksh Vaaman Sehgal
(Managing Director)

Mr. Andreas Heuser
(Managing Director)

Mr. Cezary Zawadzinski
(Member of Supervisory Board)

Mr. Bimal Dhar
(Member of Supervisory Board)

Mr. Kunal Malani
(Member of Supervisory Board)

Mr. G.N. Gauba
(Member of Supervisory Board)

Mr. Vivek Chaand Sehgal
(Member of Supervisory Board)

Ms. Geeta Mathur
(Member of Supervisory Board)

Ernst & Young Accountants LLP
Boompjes 258
3011 XZ Rotterdam, Netherlands
Postbus 2295
3000 CG Rotterdam, Netherlands

Tel: +31 88 407 10 00
Fax: +31 88 407 89 70
ey.com

Independent auditor's report

To: the shareholders and the supervisory board of Samvardhana Motherson Automotive Systems Group B.V.

Report on the audit of the March 31, 2019 financial statements included in the annual report

Our opinion

We have audited the financial statements for the year ended March 31, 2019 of Samvardhana Motherson Automotive Systems Group B.V. (the company), incorporated in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Samvardhana Motherson Automotive Systems Group B.V. as at March 31, 2019, and of its result and its cash flows for the year ended March 31, 2019, in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company statement of financial position as at March 31, 2019
- The following statements for the year ended March 31, 2019: the consolidated and company income statement, the consolidated and company statement of comprehensive income, the consolidated and Company cash flow statement and the consolidated and Company statement of changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Samvardhana Motherson Automotive Systems Group B.V., in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€12.7 million (2017/2018: €10.0 million)
Benchmark applied	Approximately 5% of consolidated profit before taxes excluding Greenfields & Reydel Automotive Group (SMRC)
Explanation	We consider an earnings-based measure, particularly profit before taxes, as the appropriate basis for determining our materiality because the users of the financial statements of profit-oriented entities tend to focus on operational performance

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €0.6 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

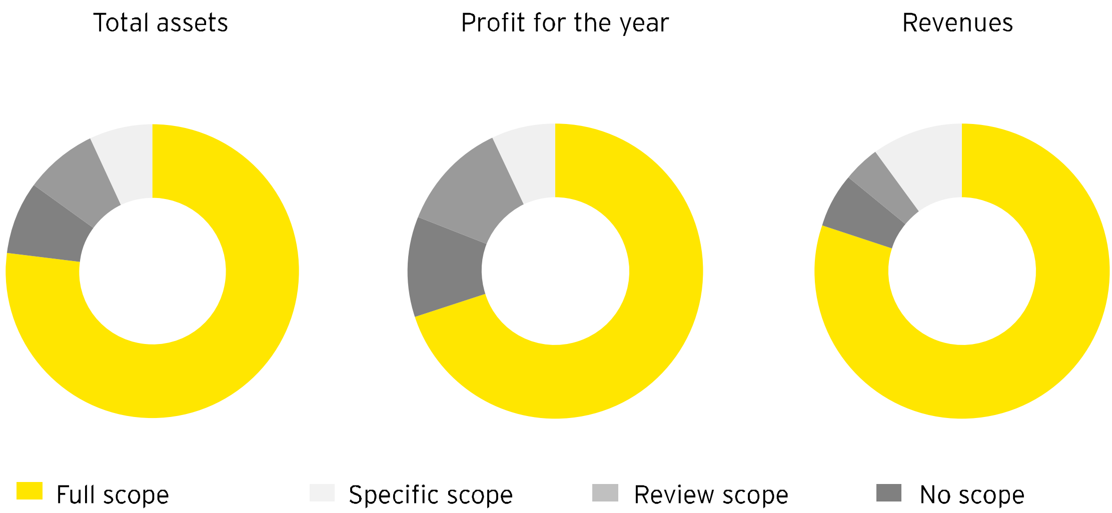
Scope of the group audit
Samvardhana Motherson Automotive Systems Group B.V. is the parent of a group of legal entities. The financial information of this group is included in the consolidated financial statements of Samvardhana Motherson Automotive Systems Group B.V. The company is organized along operating segments and has identified two reportable segments being SMP Group and SMR Group.

Our group audit mainly focused on significant group entities. Group entities are considered significant because of their individual financial significance or because they are more likely to include significant risks of material misstatement due to their specific nature or circumstances. All significant group entities were included in the scope of our group audit. We identified eighteen group entities, which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed on twelve entities. Review procedures were performed on the remaining twelve entities.

In establishing the overall approach to the audit, we determined the work to be performed by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our coordination and supervision. We have performed the following procedures:

- The group consolidation, financial statements and disclosures are audited by the group engagement team. The key audit matter in relation to the acquisition of the Reydel Automotive Group (SMRC) is directly audited by the group engagement team.
- The key audit matters of (de-)recognition of trade receivables is audited by the respective component teams and reviewed by the group engagement team.
- The group engagement team visited at least once the local management and the auditors of the following components which are significant based on size and/or their related risk: SMP Deutschland GmbH and SMP Automotive Systems USA Inc. For each of these locations we reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed.
- The group engagement team visited local management of SMRC and the component auditor in France as part of our direction and supervision of the group audit and to review the consolidation procedures of the SMR segment of which SMRC is part of. We further reviewed the consolidation procedures of the SMP segment in Germany.

All component audit teams included in the group scope received detailed instructions from the group engagement team including key risk areas and significant accounting and auditing issues. The group engagement team reviewed their deliverables.
The entities included in the group audit scope represent 92% of the group's total assets, 89% of Profit for the year and 94% of revenues. The scope of the procedures performed is detailed in the graphs reported below:



By performing the procedures at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We added one new key audit matter, related to the acquisition of Reydel Automotive Group (SMRC).

<table>
<tr><th>Risk</th><th>Our audit approach</th><th>Key observations
(as communicated to the supervisory board)</th></tr>
<tr><td colspan="3">(De-)recognition of trade receivables</td></tr>
<tr><td>As at March 31, 2019 the Group had factoring agreements in place for trade receivables. At March 31, 2019 a total of €521 million of trade receivables was de-recognized by using these agreements.

The assessment of de-recognition of trade receivables under the factoring agreements is complex and requires judgement. The balances are material for the financial statements.

The disclosures in relation to trade receivables are included in notes A6.2.8 and A.6.3.7.</td><td>We designed the following audit procedures to be responsive to this risk:
▸ We obtained an understanding of the process related to (De-) recognition of financial instruments in the area of trade receivables
▸ We evaluated the assessment made by management for each significant location
▸ We tested the nature of the contracts if they qualify as recourse or non-recourse agreements and if the accounting is in line with IFRS 9
▸ For significant contracts, we tested a sample of contracts to determine that the accounting applied by the management is appropriate and in line with IAS 32 and IFRS 9
▸ We tested the supporting documents of the factoring fees in relation to trade receivables and the accounting treatment thereof
▸ We considered the appropriateness of the company's disclosures in accordance with IFRS 7.
▸ We tested the documentation of the factoring fees in relation to trade receivables and the accounting treatment thereof
▸ We involved EY specialists to assist both the group and component audit teams in performing these procedures</td><td>Based on the procedures performed, we concluded that the trade receivables, at March 31, 2019, are materially correct and disclosed adequately.</td></tr>
</table>

Risk	Our audit approach	Key observations (as communicated to the supervisory board)
Acquisition of Reydel Automotive Group (SMRC)		
As at August 2, 2018 the Group completed the acquisition of the Reydel Automotive Group after having received all necessary approvals. The total payment made by the company at the closing date was €173 million ($201 million). At acquisition date the investment is recorded at fair value which generated a bargain purchase of €12.2 million. This benefit represents the lower purchase price paid over of the fair value of the net assets acquired. Due to the significance and complexity of the identification of assets and liabilities for this transaction, we consider this a significant risk. The company has disclosed the acquisition in note A6.3.1 of the financial statements.	We designed the following audit procedures to be responsive to this risk. ▶ We obtained an understanding of the purchase price process, which is relevant to our audit. ▶ We reviewed the transaction agreements, meeting minutes and verified the underlying documentation for the consideration paid. ▶ We evaluated if the accounting method applied is consistent and in compliance with IFRS 3. ▶ EY valuation specialist assisted us with the determination and evaluation of the identifiable assets and liabilities. ▶ We performed detailed analysis to verify the rationale for the bargain purchase and the company's disclosure thereof to be in compliance with IFRS 3. ▶ We performed detailed audit procedures on the existence and completeness of the assets and liabilities identified as part of the acquisition. ▶ We reviewed the adequacy of the disclosures made by the company in this area.	Based on the procedures performed, we concluded that acquisition accounting of Reydel Automotive Group (SMRC) is material correct and adequately disclosed.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The directors' report
- Management and discussion analysis (including operating and financial overview)
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is significantly less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially engaged by the supervisory board as auditor of Samvardhana Motherson Automotive Systems Group B.V. on September 8, 2017 to perform the audit of its March 31, 2018 financial statements and have continued as its statutory auditor since then.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

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

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, May 21, 2019

Ernst & Young Accountants LLP

P.W.J. Laan