

**Annual Report and  
Financial Statements for the Year Ended 31 March 2020  
for  
SMR Automotive Mirror Parts and Holdings UK Limited**

**Contents of the Financial Statements**  
**For the year ended 31 March 2020**

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**SMR Automotive Mirror Parts and Holdings UK Limited (Registered number: 04002526)**

**Officers and Professional Advisors  
For the year ended 31 March 2020**

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**DIRECTORS:**

L V Sehgal  
V C Sehgal  
A Heuser  
C Zawadzinski (resigned 30<sup>th</sup> July 2019)  
R Jain (appointed 30<sup>th</sup> July 2019)

**REGISTERED OFFICE:**

Castle Trading Estate  
East Street  
Portchester  
Hampshire  
PO16 9SD

**REGISTERED NUMBER:**

04002526 (England and Wales)

**INDEPENDENT AUDITORS:**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast BT2 7DT

**SOLICITORS:**

Blake Morgan LLP  
New Kings Court  
Tollgate  
Eastleigh  
Hampshire  
SO53 3LG

**Strategic Report**

**For the year ended 31 March 2020**

The directors present their strategic report on the Company for the year ended 31 March 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company during the year was that of a UK holding company.

**REVIEW OF BUSINESS**

The Company's key financial performance indicators during the year were as follows:

	2020 €'000	2019 €'000
Profit for the financial year	25,907	30,973
<b>Debtors falling</b>		
Amounts falling within one year	1	1
Amounts falling due after more than one year	126,938	124,811
<b>Creditors falling:</b>		
Amounts falling due within one year	10,308	10,136
Amounts falling due after one year	31,763	31,269
<b>Investments</b>	59,425	59,425

The profit of €25,907,000 for the current year included €1,929,000 income from currency gain (note 8) whereas the profit of €30,973,000 for the financial year ended 31 March 2019 included €10,300,000 Income from currency gain (Note 8).

The increase in the debtors balance is due to impact of translating foreign currency balances. Similarly, the decrease in the creditors balance is due to repayment of cash advances to subsidiaries and the impact of translating foreign currency balances.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the company are as follows:

**CURRENCY RISK**

The Company has a long term loan receivable of USD 140,000,000 from one of its subsidiary company. This loan is retranslated at the foreign exchange rate ruling at the date of the balance sheet. Since March 2014 the company has seen the value of its loan increases from €101,670,298 to €126,938,072 as at March 2020. The fluctuation in the USD rate against the Euro is the key impact on the profitability of the Company. The revaluation gains are the principal causes of the company's profits to date.

**This report was approved by the board on 07.09.2020 and signed on its behalf by:**

  
.....  
Rajat Jain – Director

## **SMR Automotive Mirror Parts and Holdings UK Limited (Registered number: 04002526)**

### **Directors' Report**

**For the year ended 31 March 2020**

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The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2020.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of a UK holding company.

#### **FUTURE DEVELOPMENT**

The directors expect that the company will continue to operate as a holding company for the foreseeable future.

#### **DIVIDENDS**

Interim dividends of €24,465,000 (€239,853 per share) have been distributed and paid in the year ended 31 March 2020 (2019: €20,347,000 (€199,480 per share)). The directors do not recommend the payment of a final dividend (2019: €nil).

#### **DIRECTORS**

The directors shown below have held office during the year from 1 April 2019 to the date of signing of this report:

L V Sehgal

V C Sehgal

A Heuser

C Zawadzinski (resigned 30<sup>th</sup> July 2019)

R Jain (appointed 30<sup>th</sup> July 2019)

#### **FINANCIAL RISK MANAGEMENT**

The Company's primary financial assets and liabilities include loans given to and taken from its subsidiaries. The Company's other financial assets being receivables and 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.

The objective of the Company 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.

#### **CREDIT RISK**

Credit risk is the risk of financial loss due to counterparty's failure to honour its obligations and arises principally in relation to transactions where the Company provides funding to its subsidiaries.

Credit risk arises from cash and cash equivalents, loans to subsidiaries, trade and other receivables. 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 is not considered material. Loans given to subsidiaries, trade and other receivables represent balances with subsidiaries, accordingly no credit risk is perceived on these balances.

## **Directors' Report**

**For the year ended 31 March 2020**

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### **LIQUIDITY RISK**

The liquidity risk encompasses any risk that the Company cannot fully meet its financial obligations on time or at a reasonable price. All the Company's financial obligations are with respect to the loan taken from the subsidiaries; therefore the Company do not consider any liquidity risk on these loan balances.

### **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 one of its subsidiary in US dollar and the related interest receivable. This causes movements in profits based on the foreign exchange rates movements prevailing at reporting date. There is no financial instruments in place within the group to manage the foreign currency risk at the moment.

### **QUALIFYING INDEMNITY PROVISION**

The company has directors' and officers' liability insurance in place for the company and for subsidiary companies against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the financial statements.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Directors' Report**

**For the year ended 31 March 2020**

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**INDEPENDENT AUDITORS**

A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

**SUBSEQUENT EVENTS**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, investment in and loans granted to subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts and consensus estimates from market sources on the expected future demand of its subsidiaries products. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. The Company is a holding company, it does not trade, and it does not have employees and therefore has not seen a material impact as a result of COVID 19.

The Directors are unaware of any significant events affecting the company since the year end.

**GOING CONCERN**

These financial statements are prepared under the assumption that the entity is a going concern. The directors of the Company believe that, on the basis of the future business plans & cash flows and the ability to raise funds as required, they have a reasonable expectation that the Company will continue as a going concern for a period of at least 12 months from the date of signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board of directors on 07.09.2020 and signed on behalf of the board by:



.....  
Rajat Jain - Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMR AUTOMOTIVE MIRROR PARTS AND HOLDINGS UK LIMITED**

### **Opinion**

We have audited the financial statements of SMR Automotive Mirror Parts and Holdings UK Limited for the year ended 31 March 2020 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Emphasis of Matter**

We draw attention to Note 3 and 16 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting financial markets. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMR AUTOMOTIVE MIRROR PARTS AND HOLDINGS UK LIMITED**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMR AUTOMOTIVE MIRROR PARTS AND HOLDINGS UK LIMITED**

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

*ERNST & YOUNG LLP*

Neil Corry (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast  
Date: 07.09.2020

**Statement of Income and Retained Earnings**  
**For the year ended 31 March 2020**

	Note	2020 €'000	2019 €'000
Administrative expense	6	<u>(24)</u>	<u>(20)</u>
<b>Operating Loss</b>	<b>6</b>	<b>(24)</b>	<b>(20)</b>
Other non-operating Income	7	17,234	12,845
Income from Shares in group undertakings		-	<u>1,500</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<b>17,210</b>	<b>14,325</b>
Interest receivable and similar income	8	10,238	18,252
Interest payable and similar expenses	8	<u>(1,541)</u>	<u>(1,604)</u>
<b>Net interest income</b>		<b>8,697</b>	<b>16,648</b>
<b>PROFIT BEFORE TAXATION</b>		<b>25,907</b>	<b>30,973</b>
Tax on profit	9	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>14</b>	<b>25,907</b>	<b>30,973</b>
Retained earnings at the start of the year		142,898	132,272
Dividends paid during the year		<u>(24,465)</u>	<u>(20,347)</u>
<b>RETAINED EARNINGS AT THE END OF THE YEAR</b>		<b><u>144,340</u></b>	<b><u>142,898</u></b>

There are no other profits or losses in the year or prior year to be presented in a Statement of Comprehensive Income.

The notes on pages 13 to 23 form an integral part of these financial statements.

**SMR Automotive Mirror Parts and Holdings UK Limited (Registered number: 04002526)**

**Statement of Financial Position**

**As at 31 March 2020**

	<b>Note</b>	<b>2020 €'000</b>	<b>2019 €'000</b>
<b>Fixed Assets</b>			
Investments	10	<u>59,425</u>	<u>59,425</u>
		<b>59,425</b>	<b>59,425</b>
<b>Current Assets</b>			
<b>Debtors</b>			
Amounts falling due after one year	11	126,938	124,811
Amounts falling due within one year	11	1	1
Cash at bank and in hand		<u>47</u>	<u>66</u>
		<b>126,986</b>	<b>124,878</b>
<b>Creditors</b>			
Amounts falling due within one year	12	<u>(10,308)</u>	<u>(10,136)</u>
<b>Net Current assets</b>		<b>116,678</b>	<b>114,742</b>
<b>Total assets less current liabilities</b>		<b>174,103</b>	<b>174,167</b>
<b>Creditors</b>			
Amounts falling due more than one year	12	<u>(31,763)</u>	<u>(31,269)</u>
<b>Net assets</b>		<b>144,340</b>	<b>142,898</b>
<b>Capital and Reserves</b>			
Called up share capital	13	-	-
Retained Earnings	14	<u>144,340</u>	<u>142,898</u>
<b>Total Equity</b>		<b>144,340</b>	<b>142,898</b>

The notes on pages 13 to 23 form an integral part of these financial statements.

The financial statements on pages 11 to 23 were authorised for issue by the Board of Directors on 07.09.2020 and were signed on its behalf by:

.....  
Rajat Jain - Director

**Notes to the Financial Statements  
For the year ended 31 March 2020**

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**1. GENERAL INFORMATION**

SMR Automotive Mirror Parts and Holdings UK Limited ("the Company") is incorporated in the United Kingdom ("UK"). The address of the registered office is Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD.

**2. STATEMENT OF COMPLIANCE**

The individual financial statements of SMR Automotive Mirror Parts and Holdings UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

**Going concern**

These financial statements are prepared under the assumption that the entity is a going concern. The directors of the Company believe that, on the basis of the future business plans & cash flows and the ability to raise funds as required, they have a reasonable expectation that the Company will continue as a going concern for a period of at least 12 months from the date of signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Consolidated financial statements**

The entity has taken advantage of the exemption from preparing the consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. The company's financial statements are consolidated into the financial statements of Samvardhana Motiherson Automotive Systems Group BV which can be obtained from their registered office.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2020**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial reporting standard 102- reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in the preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirement of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirement of Section 7 Statement of Cash Flows;
- The requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirement of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(C), 11.41(e), 11.41(f), 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirement of Section 33 Related Party Disclosures paragraph 33.7

The information is included in the consolidated financial statement of Samvardhana Moterson Automotive Systems Group BV as at 31 March 2019 and these statement may be obtained from Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

**Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current Tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred Tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.



**Notes to the Financial Statements (continued)**

**For the year ended 31 March 2020**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including amounts owed by group undertakings, trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial Liabilities**

Basic financial liabilities, including loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2020**

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(iii) **Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Foreign currencies**

(i) **Functional and presentation currency**

The company's functional and presentation currency is the Euro.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Income account except when deferred in other comprehensive income as qualifying cash flow hedges.

**Investments**

Investments comprising of share capital in subsidiary companies are shown at cost less provision for impairment.

**Critical Accounting judgements and estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

**i) Impairment of financial assets**

The company assesses at each reporting date whether there is an indication that a financial asset may be impaired. If any such indication exists, the company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**ii) Impairment of investments in subsidiaries**

The Company assesses at each reporting date whether there is an indication that investment in subsidiaries may be impaired. If any such indication exists, the company follows the guidance of FRS 102 which requires an impairment of an asset when its carrying amount exceeds its recoverable amount.

In making this judgment, the Company evaluates and determines the recoverable amount of the interest in subsidiaries in accordance with FRS 102. In determining value in use, the Company estimates future cash flows from the asset on the basis of continuing use of the asset and its ultimate disposal by subsidiaries.



Notes to the Financial Statements (continued)

For the year ended 31 March 2020

4. EMPLOYEES

The company had no employees during the year (2019: nil), except for the directors.

5. DIRECTORS' EMOLUMENTS

The directors are employed under service contracts with fellow group undertakings and their remuneration is borne by fellow group undertakings. The share of emoluments allocated in respect of services to this company is deemed to be €nil (2019: €nil) as the services to the company are considered incidental to their services to the group as a whole.

6. OPERATING LOSS

Operating loss is stated after charging:

	2020	2019
	€'000	€'000
Legal & professional fees	(14)	(8)
Audit Fees	(9)	(11)
Other expenses	(1)	(1)
<b>Administrative Expense</b>	<b>(24)</b>	<b>(20)</b>

7. OTHER NON-OPERATING INCOME

	2020	2019
	€'000	€'000
Reversal of impairment of Investment in Subsidiary	17,230	12,845
Other Provision Reversal	4	-
<b>Total</b>	<b>17,234</b>	<b>12,845</b>

8. NET INTEREST INCOME

Interest receivable and similar income

	2020	2019
	€'000	€'000
Interest income from group undertaking	8,309	7,952
Foreign Exchange gains	1,929	10,300
<b>Total</b>	<b>10,238</b>	<b>18,252</b>

Interest payable and similar expenses

	2020	2019
	€'000	€'000
Interest payable to group undertaking	1,541	1,604
<b>Total</b>	<b>1,541</b>	<b>1,604</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2020**

**9. TAX ON PROFIT**

**a) Tax Expenses Included in Profit or Loss**

	2020 €'000	2019 €'000
Current Tax:		
UK Corporation tax on profits for the Year	-	-
Adjustment in Respect of prior periods	-	-
Total Current Tax	-	-
Deferred Tax:		
Origination and reversal of Timing difference	-	-
Impact of Change in Tax Rate	-	-
Total Deferred Tax	-	-
<b>Tax on profit</b>	-	-

**b) Reconciliation of Tax Charge**

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK.

	2020 €'000	2019 €'000
<b>Profit before taxation</b>	<b>25,907</b>	<b>30,973</b>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019:19%)	4,922	5,885
<b>Effects of:</b>		
Non-taxable income	(3,274)	(2,726)
Group relief received for nil payment	<u>(1,648)</u>	<u>(3,159)</u>
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

**c) Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2020**

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**10. INVESTMENTS**

**Shares in Group Companies**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>		
Opening Balance	117,196	130,041
Additions	-	-
Disposals/Reversal	<u>(17,230)</u>	<u>(12,845)</u>
<b>Total</b>	<b><u>99,966</u></b>	<b><u>117,196</u></b>
	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Accumulated Impairment</b>		
Opening Balance	57,771	70,616
Additions	-	-
Disposals/Reversal	<u>(17,230)</u>	<u>(12,845)</u>
<b>Total</b>	<b><u>40,541</u></b>	<b><u>57,771</u></b>
<b>Net Book Amount</b>	<b><u>59,425</u></b>	<b><u>59,425</u></b>

The carrying value of the investment is supported by their underlying net assets.

- During the year, SMR Automotive Mirror Systems Holding Deutschland GmbH, a wholly owned subsidiary of the company reduced its share capital by repaying €17,230,000 (2019: €12,845,000) from its capital reserve. As a result, the company has reduced its overall investment in SMR Automotive Mirror Systems Holding Deutschland GmbH and reducing the corresponding impairment value carried forward.

# SMR Automotive Mirror Parts and Holdings UK Limited (Registered number: 04002526)

## Notes to the Financial Statements (continued) For the year ended 31 March 2020

### 10. INVESTMENTS

Details of the investments in which the company hold are as follows:

<u>Sr. No.</u>	<u>Name of the Company</u>	<u>Country of incorporation</u>	<u>Registered address</u>	<u>Shareholding (%)</u>
1	SMR Automotive Patents S.A.R.L.	Luxembourg	Le Dôme, 2-8 Avenue Charles de Gaulle, L-1653 Luxembourg	100
2	SMR Automotive Technology Valencia S.A.U.	Spain	Ctra. Valencia-Ademuz Km 30.5, 46160 - Liria - Valencia - Spain	100
3	SMR Automotive Mirrors UK Limited	United Kingdom	Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD, England	100
4	SMR Automotive Vision Systems Operations USA Inc	USA	1855 Busha Highway, Marysville, Michigan 48040, USA	100
5	SMR Mirrors UK Limited*	United Kingdom	Castle Trading Estate, East Street, Portchester, Hampshire, PO16 9SD, England	100
6	SMR Automotive Mirror International USA Inc.*	USA	1855 Busha Highway, Marysville, Michigan 48040, USA	100
7	SMR Automotive Systems USA Inc.*	USA	1855 Busha Highway, Marysville, Michigan 48040, USA	100
8	SMR Automotive Mirror Systems Holding Deutschland GmbH	Germany	Hedelfinger Straße 60, 70327 Stuttgart, Germany	100
9	SMR Automotive Modules Korea Limited (Formally known as SMR Poong Jeong Automotive mirrors Korea Limited.)*	South Korea	Ochang Science Industrial Complex (4-9 B/L), 170, Gwahaksaneop 1-ro, Oksan-myeon, heungdeok-gu, Dhungcheongbuk-do, Korea, Postal Code: 28122	100
10	SMR Hyosang Automotive Limited.*	South Korea	115, Jomaru-ro 427beon-gil, Bucheon-si, Gyeonggi-do, Korea, postal code : 14556	100
11	SMR Automotive Beteiligungen Deutschland GmbH *	Germany	Hedelfinger Straße 60, 70327 Stuttgart, Germany	100
12	SMR Automotive (Langfang) Co. Limited*	China	#4 Bohai Road, Modern Industrial Park, Xianghe, Langfang, Hebei, China	100
13	SMR Automotive Mirrors Stuttgart GmbH*	Germany	Hedelfinger Straße 60, 70327 Stuttgart, Germany	100
14	SMR Automotive Systems Spain S.A.U. *	Spain	Polígono Industrial Valdemuel, s/n - 50.290 - Epila - Zaragoza - Spain	100
15	SMR Automotive Vision Systems Mexico S.A. de C.V. *	Mexico	Circuito Mexico No. 260, Mex-78395 San Luis Potosi, SLP	100
16	SMR Automotive Servicios Mexico S.A. de C.V.*	Mexico	Circuito Mexico No. 260, Mex-78395 San Luis Potosi, SLP	99.99
17	SMR Grundbesitz GmbH & Co. KG*	Germany	Hedelfinger Straße 60, 70327 Stuttgart, Germany	93.07
18	Ningbo SMR Huaxiang Automotive Mirrors Co. Limited **	China	Xizhou Industrial Estate, Xiangshan, Zhejiang Province, 315722, P.R. China	50
19	Chongqing SMR Huaxiang Automotive Products Limited**	China	No 38 Sendi Avenue of Xipong Town, Jiulongpo District, Chongqing, 401326 China	50
20	SMP Automotive Systems Alabama Inc. USA*	USA	511, Suite 701, Energy Center Blvd, Northport, Alabama, USA, 35473	100
21	Tianjin SMR Huaxiang Automotive Parts Co. Ltd**	China	4# Shengda 2nd rd, Sai da Economy Development Area, Tianjin, China	50
22	Samvardhana Motherson Corp Management Shanghai Co Ltd*	China	Room 2606, No.299 Tongren Road, SOHO Exchange, Jing'an District, Shanghai, China 200040	100

\* Indirectly held subsidiary.

\*\* Joint Venture

Notes to the Financial Statements (continued)  
For the year ended 31 March 2020

11. DEBTORS

	2020 €'000	2019 €'000
<b>Amount falling due within one year</b>		
Amounts owed by group undertakings	-	-
VAT Receivable	<u>1</u>	<u>1</u>
<b>Total</b>	<u><b>1</b></u>	<u><b>1</b></u>

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

	2020 €'000	2019 €'000
<b>Amount falling due after more than one year</b>		
Amounts owed by group undertakings	<u>126,938</u>	<u>124,811</u>
<b>Total</b>	<u><b>126,938</b></u>	<u><b>124,811</b></u>

The amounts owed by group undertakings is a loan amounting to \$140,000,000, which incurs interest at a rate of 6.576% and was given to SMR Automotive Vision Systems Operations USA Inc., and the repayment date of the loan will be 28<sup>th</sup> March 2024. The directors consider the fair value of the loan to approximate the fair value.

12. CREDITORS

	2020 €'000	2019 €'000
<b>Amount falling due within one year</b>		
Amounts owed to group undertakings	10,290	10,118
Accruals and deferred income	18	12
Other Creditors	<u>-</u>	<u>6</u>
<b>Total</b>	<u><b>10,308</b></u>	<u><b>10,136</b></u>

<b>Amount falling due after one year</b>	
Amounts owed to group undertakings	<u><b>31,763</b></u>

**31,269**

Included within amounts owed to group undertakings are €10,288,000 equivalent to \$11,347,000 (2019: €10,116,000 equivalent to \$11,347,000), €1,700 (2019: €1,700). These loans are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

One loan amounting to €8,187,329 (2019: €7,724,000) with an interest rate of 6% (2019: 6%), maturity date will be 19<sup>th</sup> April 2023. Unsecured loan for €23,575,391 (2019: €23,545,000) with an interest rate of 5.25%, maturity date will be 31<sup>st</sup> March 2023. The directors consider the fair value of the loan to approximate the fair value.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

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**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Numbers:	Class:	Nominal Value:	2020 €	2019 €
102 (2019: 102)	Ordinary	£ 1	<u>122</u>	<u>122</u>
<b>Total</b>			<u><b>122</b></u>	<u><b>122</b></u>

There is a single class of ordinary shares which are classified as equity. There are no restrictions on the distribution of dividends and the repayment of capital.

**14. RETAINED EARNINGS**

This reserve records retained earnings and accumulated losses.

**15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company's intermediate parent company is Samvardhana Motherson Reflectec Group Holdings Limited (SMRGHL), a company incorporated in Jersey. SMRGHL is 98.45% owned by Samvardhana Motherson Automotive Systems Group BV, a joint venture between Motherson Sumi Systems Limited (MSSL) and Samvardhana Motherson International Limited (SMIL) in the ratio 51:49. SMIL and MSSL are substantial shareholders of the company.

However the directors consider Motherson Sumi System Limited a company incorporated in India, to be the company's ultimate parent and controlling party.

The financial statements of Samvardhana Motherson System Group B.V. are the smallest group of consolidated financial statements which include the company and can be obtained from the following address:

Hoongoorddreef 15, 1101 BA Amsterdam,  
The Netherlands

The financial statements of Motherson Sumi System Limited, the company's ultimate parent and controlling party are the largest group of consolidated financial statements which include the company and can be obtained from the following address:

Unit 705, C Wing,  
ONE BKC, G Block,  
Bandra Kurla Complex,  
Bandra East, Mumbai – 400051,  
Maharashtra, India

**16. POST BALANCE SHEET EVENTS**

As a result of the outbreak of COVID19 in the 4th Quarter of the financial year, the directors prepared a revised budget and forecast for the forthcoming financial year, where any strategic topics that could be progressed in a more cost efficient way have been planned as such. The Company has also reviewed the receipt of fund either in the form of dividend or loan from the subsidiaries earlier planned. These topics will be closely monitored by management with potential for a further reduction in future costs if the impact of COVID19 requires.

**Notes to the Financial Statements (continued)**

**For the year ended 31 March 2019**

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**16. POST BALANCE SHEET EVENTS(continued)**

Beyond prudent cost management of the company there was limited impact as Company is a holding company, it does not trade, and it does not have employees and therefore has not seen a material impact as a result of COVID 19. The impact on the financial statements was limited to the cost reduction in the profit and loss, as such no COVID19 specific provisions or impairments were made to the financial statements.