

# **SMR Automotive Technology Holding Cyprus Ltd**

## **Report and financial statements 31 March 2020**

### **Contents**

	<b>Page</b>
<b>Board of Directors and other officers</b>	<b>1</b>
<b>Management Report</b>	<b>2 - 4</b>
<b>Independent Auditor's Report</b>	<b>5 - 7</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Statement of financial position</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Statement of cash flows</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12 - 27</b>

# **SMR Automotive Technology Holding Cyprus Ltd**

## **Board of Directors and other officers**

### **Board of Directors**

Vivek Chaand Sehgal

Bimal Dhar

Laksh Vaaman Sehgal (Alternate director of Vivek Chaand Sehgal)

Militsa Symeou

Georgios Filippou

Maria Thrasyvoulou

### **Company Secretary**

#### **Cypcosecretarial Limited**

4 Pindou Street

Egkomi

CY-2409, Nicosia

Cyprus

### **Registered office**

Julia House

3 Themistocles Dervis Street

CY-1066 Nicosia

Cyprus

# **SMR Automotive Technology Holding Cyprus Ltd**

## **Management Report**

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 March 2020.

### **Principal activities and nature of operations of the Company**

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

### **Changes in group structure**

3 During the year there were no changes in the Group structure of the Company. The Company does not intend to proceed with any acquisitions or mergers.

### **Review of developments, position and performance of the Company's business**

4 The profit of the Company for the year ended 31 March 2020 was €8.901.033 (2019: loss of €24.041.215). On 31 March 2020 the total assets of the Company were €63.301.790 (2019: €63.557.691) and the net assets were €47.196.543 (2019: net assets €38.295.510). Due to the limited access to liquid assets, the financial position, development and performance of the Company is dependent on the continuing financial support of its shareholder for the foreseeable future, that is for a period of twelve months from the date of issuing of these financial statements (Note 2).

### **Principal risks and uncertainties**

5 The principal risks and uncertainties faced by the Company are disclosed in Note 6 of the financial statements.

### **Use of financial instruments by the Company**

6 The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

# **SMR Automotive Technology Holding Cyprus Ltd**

## **Management Report (continued)**

### **Cash flow interest rate risk**

8 The Company's borrowings carry fixed interest rate and consequently they do not expose it to any cash flow interest rate risk. In addition, as they are carried at amortised cost they are not susceptible to fair value interest rate risk either. The Company is exposed to cash flow interest rate risk in relation to its cash and cash equivalents which carry floating interest rates. Due to the relatively low levels of the Company's cash balances and the nominal interest rates earned thereon the management assessed that any sensitivity analysis to demonstrate the impact of changes in interest rates on the Company's results would be insignificant.

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

### **Credit risk**

10 Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. Credit risk arises from cash and cash equivalents which include deposits with banks. The Company's cash are held with a financial institution rated B3 according to Moody's (Note 6).

11 The Company does not have formal policies and procedures for managing and monitoring credit risk.

### **Liquidity risk**

12 Liquidity risk arises when there is not enough cash and/or cash equivalents to meet the needs of borrowers.

13 Management does not have a formal policy for managing liquidity risk.

### **Future developments of the Company**

14 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

### **Results**

15 The Company's results for the year are set out on page 8. The Board of Directors does not recommend the payment of dividends and the profit for the year is retained.

### **Share capital**

16 There were no changes in the share capital of the Company. Refer to Note 13.

# SMR Automotive Technology Holding Cyprus Ltd

## Management Report (continued)

### Board of Directors

17 The members of the Board of Directors at 31 March 2020 and at the date of this report are shown on page 1.

18 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### Events after the reporting date

19 The material post balance sheet events, which have a bearing on the understanding of the financial statements are disclosed in Note 17 of the financial statements.


### Branches

20 The Company did not operate through any branches during the year.

### Independent Auditors

21 The Independent Auditors, Ernst and Young Cyprus Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

### By Order of the Board



Militsa Symeou  
Director

Nicosia,  
6 August 2020

## Independent Auditor's Report

### To the Members of SMR Automotive Technology Holding Cyprus Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of SMR Automotive Technology Holding Cyprus Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the "International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Board of Directors is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Responsibilities of the Board of Directors for the financial statements

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

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

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

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

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

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

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

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

### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In our opinion, and 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 management report.



Building a better  
working world

#### **Other Matter**

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

A handwritten signature in black ink, appearing to read 'Katerina Mina'.

Katerina Mina  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Ernst & Young Cyprus Limited**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 6 August 2020



# SMR Automotive Technology Holding Cyprus Ltd

## Statement of comprehensive income for the year ended 31 March 2020

	Note	2020 €	2019 €
Dividend income	16(i)	9.687.670	8.105.621
Administrative expenses	8	(70.595)	(88.218)
Impairment of investment in subsidiary	11	-	(31.962.992)
Finance costs	9	(715.942)	(95.626)
<b>Profit/(loss) before income tax</b>		<b>8.901.033</b>	<b>(24.041.215)</b>
Income tax	10	-	-
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<b>8.901.033</b>	<b>(24.041.215)</b>


The notes on pages 12 to 27 are an integral part of these financial statements.


# SMR Automotive Technology Holding Cyprus Ltd

## Statement of financial position at 31 March 2020

	Note	2020 €	2019 €
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	11	<u>63.285.046</u>	<u>63.285.046</u>
<b>Current assets</b>			
Cash at bank	12	<u>16.744</u>	<u>272.645</u>
<b>Total assets</b>		<u><b>63.301.790</b></u>	<u><b>63.557.691</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	13	1.998.720	1.998.720
Share premium	13	53.067.337	53.067.337
Accumulated loss		<u>(7.869.514)</u>	<u>(16.770.547)</u>
<b>Total equity</b>		<u><b>47.196.543</b></u>	<u><b>38.295.510</b></u>
<b>Non-current liabilities</b>			
Borrowings	14	<u>16.088.150</u>	<u>16.070.000</u>
<b>Current liabilities</b>			
Payables	15	<u>17.097</u>	<u>12.896</u>
Borrowings	14	<u>-</u>	<u>9.179.285</u>
		<u><b>17.097</b></u>	<u><b>9.192.181</b></u>
<b>Total liabilities</b>		<u><b>16.105.247</b></u>	<u><b>25.262.181</b></u>
<b>Total equity and liabilities</b>		<u><b>63.301.790</b></u>	<u><b>63.557.691</b></u>

On 6 August 2020 the Board of Directors of SMR Automotive Technology Holding Cyprus Ltd authorised these financial statements for issue.

  
Militsa Symeou, Director

  
Maria Thrasyvoulou, Director

The notes on pages 12 to 27 are an integral part of these financial statements.

# SMR Automotive Technology Holding Cyprus Ltd

## Statement of changes in equity for the year ended 31 March 2020

	Share capital €	Share premium <sup>(1)</sup> €	Retained earnings/ (Accumulated loss) €	Total €
<b>Balance at 1 April 2018</b>	<u>1.998.720</u>	<u>53.067.337</u>	<u>14.805.668</u>	<u>69.871.725</u>
<b>Comprehensive loss</b>	-	-	(24.041.215)	(24.041.215)
<b>Loss for the year</b>	-	-	(24.041.215)	(24.041.215)
<b>Transactions with owners</b>				
Dividends paid	-	-	(7.535.000)	(7.535.000)
<b>Balance at 31 March 2019/1 April 2019</b>	<u>1.998.720</u>	<u>53.067.337</u>	<u>(16.770.547)</u>	<u>38.295.510</u>
<b>Comprehensive income</b>				
Profit for the year	-	-	8.901.033	8.901.033
<b>Balance at 31 March 2020</b>	<u>1.998.720</u>	<u>53.067.337</u>	<u>(7.869.514)</u>	<u>47.196.543</u>

(1) Share premium is not a distributable reserve.

The notes on pages 12 to 27 are an integral part of these financial statements.

# SMR Automotive Technology Holding Cyprus Ltd

## Statement of cash flows for the year ended 31 March 2020

	Note	2020 €	2019 €
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		8.901.033	(24.041.215)
Adjustments for:			
Impairment of investments in subsidiaries	11	-	31.962.992
Dividend income		(9.687.570)	(8.105.621)
Interest expense	9	716.263	67.066
Foreign exchange loss on dividends received		721	28.780
		<u>(70.553)</u>	<u>(87.998)</u>
Changes in working capital:			
Payables		4.201	(5.300)
<b>Net cash used in operating activities</b>		<u>(66.352)</u>	<u>(93.298)</u>
<b>Cash flows from investing activities</b>			
Additional investment in subsidiaries	11	-	(19.000.000)
Dividend received		574.630	1.687.411
<b>Net cash from/(used in) investing activities</b>		<u>574.630</u>	<u>(17.312.589)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings from related parties	16(iii)	7.662.219	27.132.219
Repayments of borrowings from related parties	16(ii)	(7.950.000)	(1.950.000)
Interest paid		(476.398)	-
Dividends paid to Company's shareholders		-	(7.535.000)
<b>Net cash (used in)/from financing activities</b>		<u>(764.179)</u>	<u>17.647.219</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(255.901)</u>	<u>241.332</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>272.645</u>	<u>31.313</u>
<b>Cash and cash equivalents at end of year</b>	12	<u>16.744</u>	<u>272.645</u>

### Non-cash transactions

#### 31 March 2019

The amount of €6.389.430 shown as loan payable to the Company's subsidiary as at 31 March 2018, SMR Automotive Mirror Technology Holding Hungary Kft, was settled during the year ended 31 March 2019 against the receivable amount from dividends declared by SMR Automotive Mirror Technology Holding Hungary Kft based on the netting agreement signed on 29 August 2018.

#### 31 March 2020

The amount of €9.112.219 shown as loan payable to the Company's subsidiary as at 31 March 2020, SMR Automotive Mirror Technology Holding Hungary Kft, was settled during the year ended 31 March 2020 against the receivable amount from dividends declared by SMR Automotive Mirror Technology Holding Hungary Kft based on the netting agreement signed on 5 July 2019.

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

The notes on pages 12 - 27 are an integral part of these financial statements.

# SMR Automotive Technology Holding Cyprus Ltd

## Notes to the financial statements

### 1 General information

#### Country of incorporation

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

#### Principal activities

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

### 2 Basis of preparation

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

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective for the current year have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4.

The Company did not prepare consolidated financial statements on the basis of the exemption in International Financial Reporting Standards issued by the International Financial Reporting Standard 10 "Consolidated financial statements". Its intermediary parent company Samvardhana Motherson Automotive Systems Group BV, an entity incorporated in the Netherlands produces consolidated financial statements for public use that have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements are available at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

The financial statements have been prepared under the historical cost convention.

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

# SMR Automotive Technology Holding Cyprus Ltd

## 2 Basis of preparation (continued)

### Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. Although the Company had net current liabilities at 31 March 2020 its financial obligations are primarily with one of the subsidiary undertakings.

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

## 3 Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for the accounting periods beginning 1 April 2019. This adoption did not have a material effect on the accounting policies of the Company.

## 4 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.

### Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

# SMR Automotive Technology Holding Cyprus Ltd

## 4 Summary of significant accounting policies (continued)

### Current and deferred income tax

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

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

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

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

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

### Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

### Classification as cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised costs because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

# SMR Automotive Technology Holding Cyprus Ltd

## 4 Summary of significant accounting policies (continued)

### Dividend income

Dividends are recognised when the right to receive payment is established.

### Borrowings

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

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

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

### Share capital and share premium

Ordinary shares are classified as equity.

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



# SMR Automotive Technology Holding Cyprus Ltd

## 4 Summary of significant accounting policies (continued)

### Provisions

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

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

### Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 April 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

## 6 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

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

- **Market risk**

#### Cash flow and fair value interest rate risk

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

# SMR Automotive Technology Holding Cyprus Ltd

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### • Market risk (continued)

##### *Exposure*

The Company is exposed to cash flow interest rate risk in relation to its cash and cash equivalents which carry floating interest rates. Due to the relatively low levels of the Company's cash balances and the nominal interest rates earned thereon the management assessed that any sensitivity analysis to demonstrate the impact of changes in interest rates on the Company's results would be insignificant.

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

#### • Credit risk

Credit risk arises from cash and cash equivalents including deposits with banks and financial institutions.

##### *(i) Risk management*

The Company does not have formal policies and procedures for managing and monitoring credit risk.

##### *(ii) Impairment of financial assets*

The Company has one type of financial asset that is subject to the expected credit loss model:

- cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company uses cash and cash equivalents which reflect the credit risk and how the loss provision is determined. This internal credit risk rating is aligned to external credit rating companies, such as Moody's.

# SMR Automotive Technology Holding Cyprus Ltd

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### • Credit risk (continued)

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

Category	Company definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 March 2020 and 31 March 2019.

# SMR Automotive Technology Holding Cyprus Ltd

## 6 Financial risk management (continued)

### (i) Financial risk factors (continued)

#### • Credit risk (continued)

##### Cash and cash equivalents

	External credit rating	2020 €	2019 €
Performing	B3	16.744	-
Performing	Caa1	-	272.645
<b>Total cash and cash equivalents</b>		<u>16.744</u>	<u>272.645</u>

#### • Liquidity risk

Liquidity risk arises when there is not enough cash and/or cash equivalents to meet the needs of borrowers.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €	Between 1 and 2 years €
<b>At 31 March 2019</b>		
Borrowings	9.179.285	16.070.000
Payables	<u>12.896</u>	-
	<u>9.192.181</u>	<u>16.070.000</u>
<b>At 31 March 2020</b>		
Borrowings	-	16.900.106
Payables	<u>17.097</u>	-
	<u>17.097</u>	<u>16.900.106</u>

### (ii) Capital risk management

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

# SMR Automotive Technology Holding Cyprus Ltd

## 6 Financial risk management (continued)

### (ii) Capital risk management (continued)

The gearing ratios at 31 March 2020 and 31 March 2019 were as follows:

	2020 €	2019 €
Total borrowings (Note 14)	16.088.150	25.249.285
Less: cash and cash equivalents (Note 12)	<u>(16.744)</u>	<u>(272.645)</u>
Net debt	16.071.406	24.976.640
Total equity	<u>47.196.543</u>	<u>38.295.510</u>
Total capital as defined by management	<u>63.267.949</u>	<u>63.272.150</u>
Gearing ratio	25%	39%

The decrease in the gearing ratio is attributed to the repayment of borrowings that took place during the year.

The Company considers equity as shown on the face of the balance sheet as capital.

### (iii) Fair value estimation

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value, as they are all current.

The fair values of non-current borrowings approximate their carrying amounts as based on management's assessment their contractual interest rates approximate the market interest rates of comparable financial instruments.

## 7 Critical accounting estimates and judgements

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

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

# SMR Automotive Technology Holding Cyprus Ltd

## 7 Critical accounting estimates and judgements (continued)

### Critical accounting estimates and assumptions (continued)

- **Impairment of investments in subsidiary undertakings**

The Company follows the guidance of IAS 36 in determining when an investment is impaired. The management evaluates at each reporting date whether an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the management evaluates, among other factors, the duration and extent to which the recoverable amount/fair value of an investment is less than its cost, whether the recoverable amount of an investment is less than its carrying amount and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology, operational and financing cash flow, business plans and cash flow forecasts. Due to the uncertainties entailed in the nature of operations and activities of the Company's investees the impairment assessment involves a high degree of judgment and subjectivity. The management assesses that no impairment provisions are necessary in relation to its investments in subsidiaries.

- **Initial recognition of related party transactions**

In the normal course of business the Company enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 16.

## 8 Expenses by nature

	2020	2019
	€	€
Auditor's remuneration - current year	6.545	5.447
Auditor's remuneration - prior year	1.146	354
Accounting and administration expenses	41.538	56.176
Bank charges	9.110	9.633
Unrecoverable VAT	8.421	11.334
Directors' fees (Note 16 (ii))	850	850
Sundry expenses	2.985	4.424
<b>Total administrative expenses</b>	<b>70.595</b>	<b>88.218</b>

# SMR Automotive Technology Holding Cyprus Ltd

## 9 Finance costs

	2020 €	2019 €
Interest expense:		
Borrowing from parent entity (Note 16(iii))	715.263	67.066
Net foreign exchange loss	<u>679</u>	<u>28.560</u>
Total finance costs	<u>715.942</u>	<u>95.626</u>

## 10 Income tax expense

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

	2020 €	2019 €
Profit/(loss) before tax	<u>8.901.033</u>	<u>(24.041.215)</u>
Tax calculated at the applicable corporation tax rate of 12,5%	1.112.629	(3.005.152)
Tax effect of expenses not deductible for tax purposes	1.532	(5.162)
Tax effect of allowances and income not subject to tax	(1.210.446)	1.013.202
Tax effect of tax losses carried forward	<u>96.285</u>	<u>1.997.112</u>
Income tax charge	<u>-</u>	<u>-</u>

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

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

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

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

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

As at 31 March 2020 the carry forward losses for income tax purposes amounted to €2.332.806 (2019: €2.309.199 ) These losses are available for set off against future taxable profits of the Company of the five succeeding years from each respective fiscal period. No deferred tax asset is recognised in the statement of financial position in respect of losses carried forward.

## 11 Investments in subsidiaries

	2020 €	2019 €
At beginning of year	63.285.046	76.248.038
Additions	-	19.000.000
Impairment charge	-	<u>(31.962.992)</u>
At end of year	<u>63.285.046</u>	<u>63.285.046</u>

# SMR Automotive Technology Holding Cyprus Ltd

## 11 Investments in subsidiaries (continued)

The Company's investments in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2020 % holding	2019 % holding
SMR Automotive Systems India Limited	Manufacture of car components	India	51	51
SMR Automotive Mirror Technology Holding Hungary Kft	Investment holding company	Hungary	100	100
SMR Automotive Mirror Technology Hungary Bt	Manufacture of car components	Hungary	99,4	99,4
SMR Automotive Systems France S.A.	Manufacture of car components	France	100	100
SMR Automotive System (Thailand) Ltd	Manufacture of car components	Thailand	100	100
SMR Automotive Industries Rus Limited Liability Company	Manufacture of car components	Russia	1	1

SMR Automotive Industries Rus Limited Liability Company was classified as a subsidiary since the Group indirectly controls 100%, through the other wholly-owned subsidiary of the Company, SMR Automotive Mirror Technology Holding Hungary Kft

During the year ended 31 March 2019 the Company contributed €19.000.000 for additional capital contribution to SMR Automotive Systems France S.A ("SMR France"). Additionally, the Company provided €31.962.992 as impairment from the current investment value of SMR France, based on the discounted cash flows prepared for 2019 - 2024 and also in line with the reduction of capital which took place by SMR France as at the year end, by capitalising its negative reserves, resulting in a share capital of €790.000. For matching the value of the investment with the resulting equity share capital of SMR France, the management concluded that the investment in SMR France should be impaired at the total amount of €31.962.992 for the year ended 31 March 2019.

During the year ended 31 March 2020 no impairment indicators identified.

## 12 Cash at bank

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2020 €	2019 €
Cash at bank	<u>16.744</u>	<u>272.645</u>

Cash and cash equivalents are denominated in the following currencies:

	2020 €	2019 €
Euro	14.238	270.181
US Dollar	<u>2.506</u>	<u>2.464</u>
	<u>16.744</u>	<u>272.645</u>



# SMR Automotive Technology Holding Cyprus Ltd

## 13 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 April 2018/31 March 2019/1 April 2019	<u>1 998 720</u>	<u>1.998.720</u>	<u>53.067.337</u>	<u>55.066.057</u>
At 31 March 2020	<u>1 998 720</u>	<u>1.998.720</u>	<u>53.067.337</u>	<u>55.066.057</u>

The total authorised number of ordinary shares is 2.000.000 (2019: 2.000.000) with a par value of € 1 per share. All issued shares are fully paid.

## 14 Borrowings

	2020 €	2019 €
<b>Current</b>		
Borrowings from subsidiary (Note 16(iii))	-	9.112.219
Borrowings from parent entity (Note 16(iii))	-	67.066
	<u>-</u>	<u>9.179.285</u>
<b>Non-current</b>		
Borrowings from subsidiaries (Note 16(iii))	7.662.219	-
Borrowings from parent entity (Note 16(iii))	8.425.931	16.070.000
	<u>16.088.150</u>	<u>16.070.000</u>
<b>Total borrowings</b>	<u>16.088.150</u>	<u>25.249.285</u>
<b>Maturity of non-current borrowings</b>		
Between 2 and 5 years	16.088.150	16.070.000
	<u>16.088.150</u>	<u>16.070.000</u>

The borrowings are denominated in the following currency:

	2020 €	2019 €
Euro	<u>16.088.150</u>	<u>25.249.285</u>

## 15 Payables

	2020 €	2019 €
Payables and accruals	<u>17.097</u>	<u>12.896</u>

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

The Company's payable balances are denominated in Euro.

## 16 Related party transactions

The Company is controlled by Samvardhana Motherson Reflectec Group Holdings Limited, incorporated in Jersey, which owns 100% of the Company's shares. The Company's ultimate controlling party is Motherson Sumi Systems Limited, which is incorporated in India and listed in the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange (BSE).

# SMR Automotive Technology Holding Cyprus Ltd

## 16 Related party transactions (continued)

The following transactions were carried out with related parties:

### (i) Dividend income

	2020 €	2019 €
Dividend income from subsidiaries	<u>9.687.570</u>	<u>8.105.621</u>

### (ii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2020 €	2019 €
Fees (Note 8)	<u>850</u>	<u>850</u>

### (iii) Borrowings from related parties

	2020 €	2019 €
Borrowings from subsidiary:		
At beginning of year	9.112.219	6.389.430
Borrowings advanced during year	7.750.000	10.272.789
Borrowings settled during year-Netting agreement	<u>(9.200.000)</u>	<u>(7.550.000)</u>
At end of year (Note 14)	<u>7.662.219</u>	<u>9.112.219</u>

On 7 September 2012 the Company entered into a borrowing agreement with its subsidiary SMR Automotive Mirror Technology Holding Hungary Kft for the amount of up to EUR 10.000.000. According to the above agreement the borrowing was interest free, unsecured and repayable within 90 days on demand of the lender and latest by 31 March 2017.

On 1 April 2017 the Company entered into an amendment agreement for increasing the sanctioned amount of the loan to EUR 20.000.000 and for extending the repayment date of the aforementioned Loan Agreement, dated 7 September 2012. According to this, the loan repayment date has been extended to 31 March 2020. During the year ended 31 March 2020, second amendment agreement was made for extending the repayment date to 31 March 2022.

During the year ended 31 March 2019, the total borrowing balance of €6.389.430 held with SMR Automotive Mirror Technology Holding Hungary Kft was fully settled/repaid with the receivable amount from dividends declared by SMR Automotive Mirror Technology Holding Hungary Kft, as per the netting agreement signed on 29 August 2018.

During the year ended 31 March 2020, the total borrowing balance of €9.112.219 held with SMR Automotive Mirror Technology Holding Hungary Kft was fully settled/repaid with the receivable amount from dividends declared by SMR Automotive Mirror Technology Holding Hungary Kft, as per the netting agreement signed on 5 July 2019.

# SMR Automotive Technology Holding Cyprus Ltd

## 16 Related party transactions (continued)

### (iii) Borrowings from related parties (continued)

	2019	2018
	€	€
Borrowings from parent entity:		
At beginning of year	16.137.066	-
Borrowings advanced during year	-	18.020.000
Borrowings repaid during year	(8.426.398)	(1.950.000)
Interest charged (Note 9)	715.263	67.066
At end of year (Note 14)	<u>8.425.931</u>	<u>16.137.066</u>

On 8 April 2019, the Company entered into a new borrowing agreement with its parent company for an amount up to €20.000.000, effective from 18 December 2018. The borrowing bears a fixed interest rate of 5.5% on the principal amount, is unsecured and is repayable on or before 31 December 2021. The interest of the borrowing is payable quarterly. The remaining undrawn facility as at 31 March 2020 is €3.900.000.

### (iv) Share pledges

On 26 July 2016 the Company approved amended share pledge agreements in relation to the shares it holds in SMR Automotive Mirror Technology Holding Hungary Bt and SMR Automotive Mirror Technology Hungary Kft, pursuant to various agreements entered into on or about 16 June 2016, between Samvardhana Motherson Automotive Systems Group BV (SMRPBV), the Wilmington Trust (London) Ltd, various banks, and other parties. The value of the pledge created over the business interest representing 100% and 99,4% of the registered capital and related rights/obligation held by the Company in SMR Automotive Mirror Technology Holding Hungary Bt and SMR Automotive Mirror Technology Hungary Kft amounts to EUR 1.675.000.000 and EUR 675.000.000 respectively.

On 7 August 2017, the board of directors of the Company decided to further pledge the existing shares and associated ancillary rights held by the Company in SMR Automotive Mirror Technology Holding Hungary Kft and SMR Automotive Mirror Technology Hungary Bt, pursuant to various agreements entered into on or about 20 June 2017, between Samvardhana Motherson Automotive Systems Group BV (SMRPBV), the Wilmington Trust (London) Ltd, various banks, and other parties. The value of the pledge created remains the same as last year.

On 4 October 2018 the Company approved the 2018 Amendment and Restatement Agreement dated 21 November 2018 in relation to the shares it holds in SMR Automotive Mirror Technology Holding Hungary Kft and SMR Automotive Mirror Technology Hungary Bt, pursuant to various agreements entered on or about 21 November 2018, between Samvardhana Motherson Automotive Systems Group BV (SMRPBV), the Wilmington Trust (London) Ltd, various banks, and other parties. The value of the pledge created remains the same as in the previous years.

### (v) Contingent liabilities

The Company had no contingent liabilities as at 31 March 2020 and 2019.

# SMR Automotive Technology Holding Cyprus Ltd

## 16 Related party transactions (continued)

### (vi) Commitments

The Company had no capital or other commitments as at 31 March 2020 and 2019.

## 17 Events after the reporting date

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 March 2020. Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for additional measures in case the period of disruption becomes prolonged.

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

Independent Auditor's Report on pages 5 to 7.