

Translation of the German independent auditor's report concerning the audit of the annual financial statements prepared in German

Independent auditor's report

To Samvardhana Motherson Peguform GmbH

Opinion

We have audited the annual financial statements of Samvardhana Motherson Peguform GmbH, Gelnhausen, which comprise the balance sheet as of 31 March 2020, and the income statement for the fiscal year from 1 April 2019 to 31 March 2020, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 March 2020 and of its financial performance for the fiscal year from 1 April 2019 to 31 March 2020 in compliance with German legally required accounting principles.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinion

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 on the annual financial statements.

Responsibilities of the executive directors for the annual financial statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements 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 this system of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

We communicate with those charged with governance 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."

Freiburg i. Br., 16 June 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Wetzel
Wirtschaftsprüfer
[German Public Auditor]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Samvardhana Motherson Peguform GmbH, Gelnhausen
Balance sheet as of 31 March 2020

Assets	EUR	EUR	EUR	31 Mar 2019 EUR k	Equity and liabilities	EUR	EUR	31 Mar 2019 EUR k
A. Fixed assets					A. Equity			
I. Property, plant and equipment					I. Subscribed capital	25,000.00		25
Other equipment, furniture and fixtures		3,339.00		4	II. Capital reserves	3,779,000.00		3,779
II. Financial assets					III. Profit carryforward	942,037.75		546
1. Shares in affiliates	120,510,225.95			122,160	IV. Net loss for the year (prior year: net income)	-2,388,288.85		40,396
2. Loans to affiliates	21,948,189.07			16,648			2,357,748.90	44,746
		142,458,415.02		138,808	B. Provisions			
			142,461,754.02	138,812	Other provisions		17,508.86	30
B. Current assets					C. Liabilities			
I. Receivables and other assets					1. Trade payables	36,640.73		19
1. Receivables from affiliates	21,837,981.36			66,919	2. Liabilities to affiliates	166,950,803.10		163,276
2. Other assets	4,907,310.07			2,807	3. Other liabilities	0.00		566
		26,745,291.43		69,726			166,987,443.83	163,861
II. Cash on hand, bank balances and checks		155,656.14		99				
			26,900,947.57	69,825				
			169,362,701.59	208,637			169,362,701.59	208,637

Samvardhana Motherson Peguform GmbH, Gelnhausen
Income statement for the period from
1 April 2019 to 31 March 2020

	EUR	EUR	EUR	2018/2019 EUR k
1. Revenue		446,288.23		867
2. Other operating income		8,943.96		53
			455,232.19	920
3. Personnel expenses				
a) Wages and salaries	240,177.21			537
b) Social security	7,976.78			22
		248,153.99		559
4. Amortization of intangible assets and depreciation of property, plant and equipment		1,110.00		2
5. Other operating expenses		418,934.07		529
			668,198.06	1,090
			-212,965.87	-170
6. Income from loans classified as fixed financial assets		1,495,727.34		1,620
7. Income from profit and loss transfer agreements		21,554,022.97		65,956
8. Write-downs of financial assets		1,649,860.76		0
9. Interest and similar expenses		7,246,125.00		6,965
10. Expenses from loss absorption		6,603,646.94		4,002
			7,550,117.61	56,609
11. Income taxes			9,725,287.00	16,043
12. Earnings after taxes			-2,388,135.26	40,396
13. Other taxes			153.59	0
14. Net loss for the year (prior year: net income)			-2,388,288.85	40,396

**Notes to the financial statements of
Samvardhana Motherson Peguform GmbH, Gelnhausen
for the fiscal year from 1 April 2019 to 31 March 2020**

General

Samvardhana Motherson Peguform GmbH was founded on 28 June 2011 and is a subsidiary of Samvardhana Motherson Automotive Systems Group B.V., (SMRP B.V.), Amsterdam, Netherlands.

Samvardhana Motherson Peguform GmbH is entered in the commercial register of Hanau local court under HRB no. 94004. These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. The Company is subject to the requirements for small corporations. Some of the exemptions permitted by Sec. 288 (1) HGB were applied. The income statement is classified using the nature of expense method.

Due to the profit and loss transfer agreement concluded in 2012 between Samvardhana Motherson Peguform GmbH as the controlling company and SMP Deutschland GmbH as the subsidiary, the net income for the year of EUR 21,554k generated in the fiscal year from 1 April 2019 to 31 March 2020 was transferred to Samvardhana Motherson Peguform GmbH.

Pursuant to the provisions of Sec. 302 AktG ["Aktiengesetz": German Stock Corporation Act] in their respective valid versions, Samvardhana Motherson Peguform GmbH as the controlling company is obliged to absorb the net loss of EUR 6,604k incurred in the fiscal year from 1 April 2019 to 31 March 2020 due to the profit and loss transfer agreement concluded in 2013 with SMP Automotive Exterior GmbH as subsidiary.

Recognition and measurement policies

These financial statements were prepared unchanged on the prior year in accordance with the following uniform recognition and measurement policies.

We applied the following recognition and measurement policies:

Assets

Property, plant and equipment	Recognized at acquisition cost and depreciated over its estimated useful life using the straight-line method. Depreciation is recorded proportionately in the year of acquisition.
Financial assets	At acquisition cost including incidental acquisition costs; loans at nominal value. If impairment is permanent at lower net realizable value.
Receivables from affiliates	At nominal value. Specific and general bad debt allowances take account of discernable and latent risks.
Other assets	At nominal value taking into account the lower of cost or market principle.

Equity and liabilities

Equity	At nominal amount.
Provisions	Provisions are recognized at the settlement value deemed necessary according to prudent business judgment.
Liabilities	At settlement value.
Other liabilities	At nominal value.

Translation from the German language

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax charge and benefit are valued using the company-specific tax rates at the time the differences reverse; these amounts are not discounted. Deferred tax assets and deferred tax liabilities are offset. The option not to recognize net deferred tax assets was exercised.

Foreign currency assets and liabilities were translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

Notes to the balance sheet

Property, plant and equipment of EUR 3k (prior year: EUR 4k) consist of furniture, fixtures and office equipment. The accumulated acquisition cost came to EUR 16k. There were no additions in the fiscal year. Accumulated amortization, depreciation and write-downs amount to EUR 13k. EUR 1k thereof relates to the current fiscal year.

As of the balance sheet date, there were receivables from affiliates of EUR 21,838k (prior year: EUR 66,919k) due in less than one year. Receivables include receivables of EUR 21,554k (prior year: EUR 65,956k) from SMP Deutschland GmbH arising from the profit and loss transfer agreement. Of the receivables from affiliates, EUR 267k (prior year: EUR 447k) relates to trade receivables and EUR 17k (prior year: EUR 516k) to other assets. They include receivables from the shareholder SMRP B.V. of EUR 0k (prior year: EUR 113k).

As in the prior year, other assets have a remaining term of less than one year.

All trade payables are due within one year as in the prior year.

Subject to separate presentation as liabilities to affiliates of EUR 166,951k (prior year: EUR 163,276k) these consist of other liabilities. Of the liabilities to affiliates, an amount of EUR 8,451k (prior year: EUR 5,776k) is due within one year. Liabilities to affiliates of EUR 158,500k (prior year: EUR 157,500k) are due between one and five years. Liabilities to the shareholder SMRP B.V. amount to EUR 160,303k (prior year: EUR 159,265k).

Notes to the income statement

Other operating expenses contain expenses from currency translation of EUR 0.1k (prior year: EUR 0.1k).

Income from loans classified as fixed financial assets consists solely of income from loans to affiliates of EUR 1,496k (prior year: EUR 1,620k). In the prior year, EUR 1,620k was recognized as other interest and similar income. The prior year was restated.

Interest and similar expenses include interest to affiliates of EUR 7,246k (prior year: EUR 6,919k) from the shareholder loan.

Other notes

Contingent liabilities

The Company is jointly and severally liable for the liabilities of Samvardhana Motherson Automotive Systems Group B.V. (SMRP B.V.) in connection with the senior secured notes (EUR 100m) concluded in June 2015, senior secured notes (USD 400m) concluded in June 2016, senior secured notes (EUR 300m) concluded in July 2017, the revolving credit facility agreement (EUR 500m) concluded in June 2017 as well as its increase in August 2018 (EUR 75m) and the term loan (USD 60m) concluded in September 2018. As of the reporting date, the liabilities from the revolving credit facility agreement were valued at EUR 50m.

In addition, the Company is jointly and severally liable for the liabilities of USD 16m of SMP Automotive Systems México S.A. de C.V., Puebla, Mexico, and liabilities of SMP Automotive Technology Iberica SL of EUR 10m. As of the reporting date, both liabilities were valued at EUR 0k. To cover these liabilities, shares held in SMP Deutschland GmbH and SMP Automotive Exterior GmbH and bank accounts held by the Company were pledged as collateral.

In addition, local RCF carve outs were utilized by a few SMRPBV subsidiaries, for which the Company is also jointly and severally liable. As of 31 March 2020, these are as follows: SMP Automotive Produtos Automotivos do Brasil Ltda. of BRL 40.0m, SMR Automotive System (Thailand) Limited of THB 84.5k, SMP Automotive Systems México S.A. de C.V. of USD 63m and SMR Automotive (Langfang) Co. LTD (China) of CNY 39.5m.

Employees

An annual average of 0.75 persons was employed in the fiscal year (prior year: 3).

Management

Andreas Heuser, Bad Soden-Salmünster, general manager for activities in Europe and America of the Samvardhana Motherson Group.

Group consolidation

Pursuant to Sec. 291 HGB, the Company is exempt from the obligation to prepare consolidated financial statements or a group management report as the Company and its subsidiaries are included in the consolidated financial statements and group management report of Samvardhana Motherson Automotive Systems Group B.V. (SMRP B.V.), Amsterdam, Netherlands (smallest group of companies). At the highest level, the Company is included in the consolidated financial statements of Motherson Sumi Systems Limited (MSSL), India (largest group of companies). The consolidated financial statements of MSSL have been published on the Company's website (www.motherson.com).

The consolidated financial statements and group management report of SMRP B.V. are prepared in accordance with International Financial Reporting Standards pursuant to OJ EC No. L 243 Sentence 1 in the latest version (IFRSs).

The consolidated financial statements of SMRP B.V. are published in the *Bundesanzeiger* [German Federal Gazette].

Subsequent events

The outbreak of the coronavirus in the first quarter of 2020 may have negative effects on shipments of outgoing goods as well as on assets, liabilities, financial position and financial performance in fiscal year 2020/2021. The shutdown in April 2020 and the gradual ramp-up of production planned by the automotive manufacturers led to further losses of revenue at the operating SMP companies in the month of May, however, it is expected that production can return to its old level from June.

The SMP Group endeavors to counter the situation in the best possible way with various measures and has applied the short-work furlough scheme throughout Germany since the end of March 2020. There have been no additional significant events since the balance sheet date.

Bruchköbel, den 15 June 2020

General manager

Andreas Heuser