Annual Report 2019-2020

(April 1, 2019 to March 31, 2020)

Samvardhana Motherson Automotive Systems Group BV

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Auditor's Report

DIRECTORS' REPORT

To the members,

Your Directors have the pleasure of presenting the annual report together with the audited accounts of the Group for the financial year ended March 31, 2020.

A.1. BUSINESS BACKGROUND

Samvardhana Motherson Automotive Systems Group BV, together with its subsidiaries (hereinafter referred as "SMRP BV Group" or "the Group"), is a leading global Tier 1 supplier of rear-view vision systems and interior and exterior modules (including door panels, instrument panels and bumpers) to automotive original equipment manufacturers ("OEMs"). SMRP BV is a part of the Motherson Group ("Motherson"), one of the global Tier 1 automotive supplier.

SMRP BV is a private company with limited liability, incorporated under the laws of the Netherlands on October 07, 2011 (Commercial Register No. 53709713). Its registered office and principal place of business is situated at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

SMRP BV business consists of Samvardhana Motherson Reflectec Group referred to as SMR Group and Samvardhana Motherson Peguform Group together referred to as SMP Group.

SMR Group produces a wide range of rear-view vision systems primarily for light vehicles. SMR is a leading global supplier of exterior mirrors having its headquarters in Stuttgart, Germany. SMR has 22 manufacturing facilities and 2 module centres with presence in 16 countries.

SMP Group produces various polymer-based interior and exterior products for automotive industry. SMP's product portfolio is primarily comprised of complete modules, including door panels, instrument panels and bumpers as well as other plastic components and systems, such as centre consoles, decorative interior trims and plastic body parts. SMP Group operated 48 manufacturing facilities and 15 module centres in 20 countries.

SMP division also includes SMRC Group which was acquired on August 02, 2018 by SMRP BV by purchasing 100% stake in Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V. (subsequently renamed as Samvardhana Motherson Reydel Companies" or "SMRC").

SMRC manufactures interior components and modules for global automotive customers and further strengthens the SMRP BV's offerings in the automotive interiors space along with existing SMP group. SMRC is a leading global developer and supplier of interior components to the global automotive manufacturers. SMRC's Interiors Product Portfolio includes Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit Modules.

A.2. MANAGEMENT TEAM & EMPLOYEES

SMRP BV Group benefits from a strong professional management team, with average automotive industry experience among senior managers of over 25 years. In addition, the group has experienced and stable senior managers at the regional levels with significant experience and understanding of their respective markets and regions. As on March 31, 2020, SMRP BV Group had a total of 30,083 employees (March 31, 2019: 32,542) comprising of 7,861 employees (March 31, 2019: 10,655) at SMR group, 22,222 (March 31, 2019: 21,887) employees at SMP Group.

A.3. EMPLOYEE INVOLVEMENT

The Group considers its employees a valuable asset and thus encourages employee involvement at all levels to achieve greater efficiency in business operations. For this purpose, the management meets at regular intervals with representatives of various sections of employees at which relevant information and developments are discussed. It is also Group's policy to ensure that any local legislative requirements for employee representation or participation are fully adhered to.

The information about the Group is provided through internal newsletters, intranet portal and notices. At each entity level, regular meetings are held with the employees to discuss progress of business operations, business plans and the issues being faced by them. Leadership assessment programs as well as succession planning is also practiced to identify & develop potential leaders. An induction plan is in place for all new joiners of the Group.

SMRP BV is not just about products, processes, technology and intellectual property: it is about people. The most valuable asset of SMRP BV is its employees. Their involvement, sense of ownership, belongingness, passion to improve and excel every day are some of SMRP BV's core differentiations. Any plans to move our business forward and to bring innovation start with our people.

As a global organization SMRP BV has employees from over 24 countries, who speak different languages, come from different cultures but belong to one family. There are limitless possibilities and types of events that SMRPBV holds throughout the year. One of the global annual events which has a long history within the Group is the Global Quality Circle Convention.

The quality circle movement was started in Motherson around 1983. The goal of quality circle is to involve all employees in continual improvement in every process. SMRP BV Group continuously participates in these quality circle conventions, which helps to empower its employees through involvement in these quality circles. These Quality Circles bring different teams from various continents to learn from each other, witness best practices and make new friends.

Differently abled employees

The Group follows a policy of equality at work which is an integral part of its Code of Conduct. All the employees are given equal treatment without any discrimination. If a person becomes disabled while employed by the Group, every endeavour is made to protect that person's position. Differently abled persons have the same opportunities for training and career development as other employees with similar skills and abilities.

Health & Safety

Employee health and safety is of great importance to us. We take a decentralized and localized approach for implementing and managing our health and safety processes. These health and safety processes are implemented locally by plant management, and the results are reviewed by the local health and safety officer and local health and safety committee on a periodic basis.

A.4. CORPORATE GOVERNANCE

The Company has in place a two-tiered board structure consisting of separate management and supervisory boards.

Management Board

The management board of the Company (Board) consists of four managing directors and is responsible for managing the business & its related risks in accordance with applicable laws, constitutional documents and resolutions of the shareholders. The principal functions of the management board are to carry out the day-to-day business of the Company and to legally represent the Company in its dealings with third parties, while maintaining high standards of corporate governance and corporate responsibility.

Supervisory Board

The supervisory board of the Company consists of five supervisory directors. The duties of the supervisory board are to supervise the Board's policy and course of action and to supervise the general conduct of the affairs of the company and any business it may be affiliated with. The supervisory board assists the Board in an advisory capacity. The supervisory directors have to carry out their duties in the interest of the company and any business it may be affiliated with. The supervisory board is furthermore charged with all the duties entrusted to it by Dutch law and by the constitutional documents of the Company.

A.5 COVID-19 Pandemic Update

With the outbreak of the COVID-19 pandemic in beginning of Q4 FY19-20 in China and spreading to rest of the world towards mid-March 2020, production activities at our plants across the globe were disrupted to comply with local regulations and ensure safe health of our employees.

In China, the production volumes declined in early months of Q4 FY19-20 but started to normalise in March 2020 as the spread of the virus was contained in China. Other geographies started to decline in production levels towards March and as a consequence, our results for the quarter ended March 31, 2020 were adversely affected.

We have been closely monitoring the situation and tracking governments responses in respective countries to mitigate impact on business activities implemented as a result of the COVID-19 pandemic. Most of our plants in Europe and the Americas have restarted production at the end of April / beginning of May 2020 and are expected to normalise operations gradually in line with customers schedules.

Keeping in perspective the changing environment since the onset of COVID-19, SMRP BV had instituted many projects across the globe aimed at cost rationalization, curtailing non-critical business investments and optimizing working capital to conserve cash flows and maintain liquidity for the business:

- Governments in various parts of the world have instituted employment protection schemes during this shut down period where they are bearing part of the employee costs. We have actively engaged with the governments on these schemes to reduce fixed costs during this period of non-production by implementing payroll flexibility measures.

- Monitoring all capital expenditure and align with customer launches.

- Monetizing engineering working capital by actively working with our customers
- Working closely with customers for realization of receivables as well as with supply chain for smooth continuity of operations as lockdown restrictions are removed.
- Ensuring upkeep and maintenance of facilities during the lockdown period.

A.6. FINANCIAL RESULTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS EU"). These financial statements of the Company have been prepared for the financial year beginning April 01, 2019 and ending on March 31, 2020. The summarised consolidated financial results for the year ended March 31, 2020 and for the previous year ended March 31, 2019 are as follows:

Income Statement	3M ended March 31, 2019			3M ended March 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	1,489	1,060	429	1,312	938	375
EBITDA**	68	20	52	95	42	55
% to Revenue	4.6%	1.9%	12.1%	7.2%	4.5%	14.7%

Income Statement	Year ended Mar 31, 2019			Year ended Mar 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	5,312	3,704	1,611	5,603	4,057	1,548
EBITDA**	335	159	188	336	163	185
% to Revenue	6.3%	4.3%	11.7%	6.0%	4.0%	12.0%

Following are the summary financials for the quarter and fiscal year ended March 31, 2020 excluding Greenfields, SMRC and IFRS 16:

Income Statement	3M ended March 31, 2019			3M ended March 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	1,112	683	429	955	581	375
EBITDA**	119	71	52	94	43	53
% to Revenue	10.7%	10.4%	12.1%	9.8%	7.4%	14.1%

Income Statement	Year ended Mar 31, 2019			Year ended Mar 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	4,372	2,764	1,611	4,159	2,613	1,548
EBITDA**	440	264	188	406	237	181
% to Revenue	10.1%	9.6%	11.7%	9.8%	9.1%	11.7%

* SMRPBV Group includes results of segment 'Others', which represents activities carried out by Motherson Innovations (Group's R&D and new technologies development arm) and results of certain corporate and shareholder support functions not allocable to a particular segment on a reasonable basis. For details refer Note A.6.6.4 'Operating Segment Information' in consolidated financial statements for the period ended March 31, 2020.

** Excluding gain on bargain purchase

The Group recorded revenues of € 1,312 million for quarter ended March 31, 2020, lower than the revenue for the corresponding previous quarter ended March 31, 2019 at € 1,489 million. SMP's revenues for quarter ended March 31, 2020 were also lower at € 938 million, compared to € 1,060 million for corresponding previous quarter ended March 31, 2019. SMR's revenues were € 375 million, lower as compared to revenue of €429 million for the quarter ended March 31 2019. The decline in sales is largely attributable to production disruptions due to COVID-19 pandemic outbreak which affected China in the earlier part of current quarter and began affecting rest of the geographies towards mid-March 2020.

For the year ended March 31, 2020 Group's revenue increased to € 5,603 million, representing annual growth of 5% over the corresponding previous year's revenue of € 5,312 million. SMP recorded a revenue growth of 10% over the corresponding previous year as revenue increased to € 4,057 million in March 31, 2020 from € 3,704 in March 31, 2019. This growth is primarily due to ramp up of production at Greenfield plants in USA and Hungary and full year consolidation of SMRC's results. SMR's revenue were € 1,548 million for the year ended March 31, 2020, slightly lower, as compared to € 1,611 million for the fiscal year ended March 31, 2019.

As highlighted above, current period results have been influenced by significant costs associated with the ramp-up of the Greenfield plants at Tuscaloosa, USA and Kecskemet, Hungary and includes EBITDA post acquisition of SMRC. Excluding the impact of such ramp-up costs and contribution from SMRC from results of fiscal year ended March 31, 2020 EBITDA margins are stable, declining slightly due to production disruption post COVID-19 outbreak. EBITDA for the fiscal year ended March 31, 2020 was € 406 million representing 9.8% of revenues, vis-a-vis EBITDA for the corresponding previous year at € 440 million, representing 10.1% of revenues.

The financial performance of the company has been comprehensively covered in the financial overview section which forms an integral part of the directors' report.

A.7. CAPITAL EXPENDITURE

SMRP BV Group's growth strategy includes expanding operations in line with customers' growth and sales order book. The company is one of the few suppliers in its product segment with a global engineering & manufacturing footprint and this strong geographical diversification enables the company to capitalise on global growth opportunities while mitigating the impact of any regional demand fluctuations. The company continuously assess the need for setting up Greenfield plants or expand capacity in existing plants to cater to new platforms with existing/new customers.

Significant capital expenditures are incurred with expanding our footprint and enhancing our existing capacities. Capital expenditure in SMR division primarily comprised of expansion of key existing facilities. Capital expenditure in SMP division primarily related to set up of two new plants in Tuscaloosa, U.S. and Kecskemét in Hungary. Capital expenditure incurred for the year ended March 31, 2020 was €175 million lower than €255 million for the previous year, since majority of the capital expenditure for Greenfield plants and other expansions has already been incurred.

A.8. STRATEGY

The Group has adopted the vision of Motherson, which is to be a globally preferred solutions provider in the automotive industry. We aim to achieve this by pursuing our strategic actions that we have established based on the philosophy of Motherson, which includes focusing on consistent outstanding performance, strengthening customer relationships built on trust, pursuing greater client engagement, increasing the content per vehicle that we supply and developing long-term sustainable value creation.

A.9. RESEARCH AND DEVELOPMENT

SMRP BV Group is committed to technological leadership and the development of innovative high-quality products and processes in order to meet both the growing demands of OEM customers with regard to product functionality & feature content as well as increasingly stringent environmental goals and regulatory requirements. Many of the products utilize increasingly environmentally sustainable & lightweight materials and are manufactured using state-of-the-art technologies. The company is maintaining a strong portfolio of over 1,300 granted patents. Design and research centres are interconnected and share innovations & technological advancements across a global network, which enables the leverage of best practice in product quality and delivery of value-added solutions on a global scale in a cost-efficient manner.

During the fiscal year ended March 31, 2020 the Group incurred expenditures of € 168 million as compared to € 144 million for the fiscal year ended March 31, 2019, towards its research and development activities which are expensed in the income statement.

SMRP BV Group's global research & development capabilities have historically enabled the company to develop a diversified and comprehensive product portfolio across rear view mirrors, door panels, instrument panels, bumpers and other interior & exterior components. With the ability to offer a full range of system solutions resulting from the vertical integration of company's operations, including significant in-house sourcing capabilities, there are continuous opportunities to increase feature content per vehicle across each of OEM customers' model ranges.

The Group intends continue to its focus on research and development capabilities aligned to the needs of our customers and the major industry trends of, Connectivity, Electrification, Autonomous driving and Shared mobility. For SMRP BV this centre on four key areas:

- Sustainability: Use environmentally-friendly and recyclable materials, applying light weighting techniques, improve product efficiency, reduce material utilisation and energy consumption, overall working in the direction of increased economic circularity.
- Functionality and Performance: Optimizing usability and value-added content customisation through modularity. Integration of technology into surfaces, such as vehicle occupant interface and comfort features.
- Design & Aesthetics: Improving the aesthetic features and styling versatility of mobility interiors and exteriors through the introduction of new surface finishes and the application of different materials and lighting effects.
- Driver assistance and monitoring: Developing intelligent systems and the seamless integration of sensor technologies to provide enhanced driver assistance such as cameras monitoring and mirror replacement systems. The integration of sensors and smart features for vehicle occupant monitoring systems.

The proven track record and reputation of technological leadership has positioned SMRP BV Group as a preferred partner for collaborative development with leading OEMs. The Group intends to continue to pursue collaboration opportunities with existing customers, offering them a full suite of development capabilities and jointly developing innovative solutions to cater to their needs. Through focus on technological leadership and the design & production of innovative products, the company aims to further strengthen its position as the partner of choice in providing solutions which meet the changing consumer needs.

Motherson Innovations referred to as MI, was established as a networking partner and collaborator for the group with the purpose to understand the consumer and customer needs of the future and the associated technological trends. MI is working closely with the group companies, connecting with external technology partners and innovative start-ups to deliver new solutions and value to the OEM customers for the future.

A.10. DEVELOPMENT & OUTLOOK

Automotive industry landscape

The global automotive industry designs, develops, manufactures, sells and services light vehicles and heavy commercial vehicles. The light vehicle segment consists of passenger cars, vans and light trucks weighing less than six tons, while the heavy vehicle segment is generally defined as the market for vehicles weighing in excess of six tons.

The automotive production value chain comprises OEMs, such as Volkswagen, Daimler, Ford, Hyundai, Toyota and Renault-Nissan, and automotive parts and modules suppliers. The automotive supplier industry is further segmented into three tiers. Tier 1 suppliers sell their products directly to OEMs. Typically, these products are larger modules or systems which integrate multiple components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers sell individual components, component groups or sub systems to Tier 1 suppliers, which in turn typically integrate individual parts or materials produced by and purchased from Tier 3 suppliers.

Automotive suppliers are typically further divided into sub-segments based on their product or systems function within the car. A typical classification of automotive supplier by vehicle function could include the following sub-segments: powertrain, body & structural, exterior, interior, and electronics systems.

SMRP BV Group's revenues are primarily derived from sales of automotive components to global OEM customers operating in the light vehicle industry and, as a result, SMRP BV Group operations are affected by general trends in the automotive industry and global light vehicle production volume and the content per vehicle for the components and systems produced by such suppliers. Suppliers typically have contracts that cover the full life of a vehicle platform or model range, which usually have an average life of five to seven years. Certain components, such as bumpers and exterior lighting, may be updated part-way through the vehicle model lifecycle in what is referred to as a "mid-cycle refresh" action.

Factors that can influence automotive production include global and regional economic conditions, changing demographics (e.g. population growth, aging and urbanization), evolving consumer preferences and mobility needs, regulatory and legislative changes and sociological trends, global pandemics and natural disasters.

Globalization of platforms

OEMs are continually seeking ways to reduce complexity and costs in new model development, maximising the economies of scale while providing a wider range of product offerings in the market to meet consumer trends and changing preferences. This increases the dependency on the supply chain and in particular tier 1 global supplier partners that can provide the development capability, product offering and manufacturing footprint to meet their needs. SMRP BV Group with a global footprint, broad product offering, extensive and long-standing customer relationships and the requisite development and manufacturing expertise is well-positioned to benefit from this.

Localization of production in emerging markets

Increasing disposable income and low existing vehicle production, as well as the development of efficient road infrastructure, are also driving the demand for light vehicles in emerging markets. As a result of increasing local demand combined with low manufacturing costs and lack of import duties for locally manufactured products, global OEMs are increasingly expanding their production and sales networks in emerging markets. This has been a particularly significant trend in the premium segment, which has been the most rapidly growing light vehicle segment in recent years. As sales in these markets are projected to continue their rapid growth, most major global premium car makers are expanding their production footprints. SMRP BV Group is well positioned to realize growth opportunities in emerging markets by following their customers due to strong OEM relationships.

Consolidation of supplier base

In order to take advantage of the operational economies of scale, OEMs seek to consolidate their supplier base with an increased focus on large, full service capable and financially strong global suppliers that can produce consistent and high-quality products across multiple production regions. The OEMs use a number of factors to determine their preferred suppliers including, among other things, competitiveness, quality of product and services provided, operational footprint and capacity, in-house research & development and technological capabilities, overall track record and quality of relationship with the OEM, financial stability and an increasingly important emphasis on sustainability.

Major Industry Trends

Intelligent connectivity and digitization, both inside and outside the vehicle, will play an ever more important role in the future. Connectivity is the name given to communication between one vehicle and another (V2V), between a vehicle and the infrastructure (V2X), and the vehicle occupant’s access to the outside world.

Electrification of mobility is a fast-developing trend driven by a number of factors including environmental, regulatory objectives and changing consumer attitudes. While predominantly having a transformational effect on vehicle power train systems and the associated supply chain, other technologies and value content are being brought to market in association with electric mobility, such as driver/vehicle user interface solutions.

Shared or new Mobility is an increasing trend towards alternative mobility solutions required as a result of changing demographics, consumer attitudes towards vehicle ownership and urbanisation. This opens up opportunities regarding the changes in the end customer’s requirements migrating increasingly from a consumer to a user experience.

Autonomous driving refers to the capability of a vehicle to drive itself at various levels of independence from the vehicle occupants to a destination in real world traffic, using on-board sensors, and software intelligence, combined with navigation systems and V2X connectivity so that it can recognize its surroundings. The speed of development for this trend and the higher the level of autonomy that is possible is strongly dependent on conditions in the different environments in which it could be applied and its safety in operation.

Sustainability is of increasing importance to the mobility industries and therefore vehicle manufacturers are considering this as a much more central part of their strategic direction not only in connection with the move towards electrified mobility, but also in respect of environmental footprint, and the path toward increasing economic circularity. How the entire supply chain and in particular the tier 1 supplier partners are engaged with this is therefore increasingly relevant.

SMRP BV Group believe that automotive suppliers with strong OEM relationships have the potential to play a significant role in these new trends and the associated technologies. It could present new business models and generates opportunities for further growth potential within the automotive industry.

A.11. RISK MANAGEMENT

During the year, the Group, its business and products were exposed to various risks. In its capacity as an internationally Tier 1 supplier for the automobile industry the Group is exposed to various risks with each of its business segments and products. The risks and uncertainties described below are not the exhaustive list of risk the Group may face. Additional risks and uncertainties of which the Group may not be aware or that we currently believe are immaterial may also adversely affect our business, prospects, financial condition and results of operations. If any of the possible events described below were to occur, our business, prospects, financial condition and results of operations may be affected.

The identified risks are divided into four categories:

1. Strategic Risks
2. Operational Risks
3. Financial Risks
4. Compliance Risks

A.11.1 STRATEGIC RISKS

The Group may get affected by economic trends and adverse developments in the global economy and in countries where we operate. Our business is affected by general economic conditions, in particular levels of industrial and manufacturing output in the industries and markets that we serve and is susceptible to downturns in economies around the world, including major economic centres such as the European Union and the United States, as well as emerging markets such as China, Mexico and Brazil. General economic conditions and macroeconomic trends and potential trade disputes can affect overall demand for our products and the markets in which we operate.

The Group's revenue is derived from OEMs who could be significantly impacted by adverse economic developments globally. During periods of slow economic activity, consumers may forego or delay vehicle purchases, or purchase lower-priced models with fewer premium features, resulting in reduced demand by our OEM customers for our products. If the economic environment in any of the markets from which we derive substantial revenue declines, unfavourable economic conditions may impact a significant number of our customers and, consequently, the demand for our product lines, and our business, financial condition and results of operations could be materially adversely affected.

SMRP BV is continuously improving its geographical footprint to diversify its operations to mitigate the impact of any such economic downturn in any specific geography. Greenfield plants at Hungary & USA along with acquisition of SMRC which added 5 new geographies will support to enhance the global footprint.

Market Risks

Cyclicality and reduced demand in the automotive industry in which the Group operates could affect our business. Substantially, all of our business is directly related to vehicle sales and production of our customers, who consist primarily of large automotive OEMs, and demand for our products is largely dependent on the industrial output of the automotive industry. The Group's operations and performance are directly related to levels of global vehicle production, particularly the light vehicle market, and are therefore affected by factors that generally affect the automotive industry. Furthermore, in some geographies automotive production and demand are subject to seasonal cyclicality, which may influence the demand for our products. For example, European OEMs generally scale back or halt vehicle production during summer holidays and Christmas holidays in Europe and the Americas can impact demand during December. The automotive industry is sensitive to factors such as consumer demand, consumer confidence, sociological trends, disposable income levels, employment levels, fuel prices, regulatory changes and general economic conditions. Any significant reduction in vehicle sales and production by our customers may have a material adverse effect on our business, financial condition and results of operations.

Customer portfolio of SMRP BV has significantly diversified with execution of new orders and our current order book is also well diversified which is reducing our dependence on single OEM.

Competition Risks

SMRP BV Group face global competition in its business. Competition is based on many factors, including product quality and reliability, breadth of product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality and reliability of service, price, customer loyalty and brand recognition. The Group also encounter competition from similar and alternative products, many of which are produced and marketed by major multinational or national companies, which may have an adverse effect on our business, financial condition and results of operations.

Additionally, as we further expand our presence in emerging markets, we face competitive price pressures from low-cost producers in jurisdictions such as China, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets, thereby providing opportunities for local manufacturers to compete.

SMRP BV Group's ability to support OEMs in every phase of the product development process differentiates us from many of our competitors and, given the substantial investment and time that would be required to replicate our global operations, strengthens our status as a preferred partner to the leading OEMs in the automotive industry. This combined with our close proximity to our customers, our technological leadership and our demonstrated reliability, have enabled us to maintain a strong track record of repeat orders and provide us the competitive edge.

A.11.2 OPERATIONAL RISKS

Procurement Risks

The Group depends on its suppliers for the supply of raw materials and components that are critical to our manufacturing processes. SMRP BV Group sources its raw materials from a diversified group of global, national and local suppliers, but is still subject to supplier concentration with respect to certain of its key inputs. Certain products use components that are only available from a limited number of suppliers. Furthermore, some of the Group's suppliers are directed by our customers, and it is likely that we will continue to source components from such suppliers. In some cases, we purchase parts for specific feature content sub-assemblies or modules from OEM-directed sources.

Prices of certain raw materials and pre-constructed components we rely on, such as resins (ABS and polypropylene) and metal parts (mainly aluminium and zinc), are linked to commodity markets and thus subject to fluctuation. Certain of our customer contracts, which typically factor in supply cost at the time at which the contract is entered into and subsequently when it is extended or renewed, allow for the pass-through of materials cost increases. For instance, certain of our supplier sources are directed by our OEM customers. In cases where a supplier is directed by the OEM, our contracts typically include provisions allowing for the pass-through of raw materials price increases to the customer.

Large portion of our components are OEM nominated which insulates any price risk. Moreover, our contracts sometimes include a mechanism whereby we can pass through increases in the costs of raw materials to our OEM customers, helping to reduce the effect on our margins relating to volatility in the prices of our raw materials

Personnel Risks

Dependence on skilled and qualified personnel

The Group depends on its senior management, executive officers, key employees and skilled personnel, and if the Group is unable to recruit and retain skilled management personnel, its business and ability to operate or grow the business may be adversely affected. The Group can be affected by the loss of any of these executive officers and other key employees. The market for such qualified professionals is competitive and we may not continue to be successful in our efforts to attract and retain qualified people. In some of our markets, the specialized skills we require are difficult and time-consuming to acquire and, as a result, are in short supply. Its success depends to a large extent upon the continued services of its senior management, executive officers, key employees and other skilled personnel.

SMRPBV continuously work on structured succession planning giving opportunities to employees to take leadership positions which ensure the seamless continuation of management of our business.

Increasing labor cost

The Group operates in countries such as India, China, Brazil, Hungary and Mexico, the increasing labour cost in these countries may impact our profit margins and compromise our price competitiveness.

The Group undertakes various incentive programs to improve the productivity of its employees, as well as low-cost automation initiatives designed to reduce labour costs. However, if these measures are insufficient to offset increases in overhead costs, or if Group would be unable to effectively manage these increases in the future, our business, financial condition and results of operations may be adversely affected.

Intellectual Property Infringement Risks

The success of SMRPBV's newly designed products and other innovations depends in part on its ability to obtain, protect and leverage intellectual property rights to their designs. We believe we have significant level of protected proprietary technology which gives us competitive advantage in marketing our products and services. SMRPBV therefore try to obtain and protect certain intellectual property rights to their newly designed products and other innovations. While it is also SMRPBV's policy to enter into confidentiality agreements with its key employees to protect intellectual property, however there may be a possibility that these confidentiality agreements may be breached. We cannot be certain that the measures that we employ will result in the protection of our intellectual property rights or will result in the prevention of unauthorized use of our proprietary technology. We also rely upon unpatented proprietary know-how and continuing technological innovations and other trade secrets to develop and maintain our competitive position. In addition, there can be no assurance that other companies will not obtain knowledge of these trade secrets through independent development or other legal means of access. Any failure to protect our proprietary rights relating to our designs, processes, components, technology, trade secrets or proprietary know-how could have a material adverse effect on our business, financial condition and results of operations. Also, the competitors of the Group may initiate suit against the Group alleging their IPR infringements. There upon, three claim remains pending till final disposal by the Court of competent jurisdiction or settlement of the matter by the Company."

Stabilization of New Manufacturing Facilities

We have invested in new manufacturing facilities to enable us to expand our global footprint further in line with our customers' expansion. For instance, we incurred capital expenditures towards our new plants in the U.S. and Hungary as well as towards the expansion of facilities in the Mexico, Hungary, India and China.

The establishment period for new manufacturing facilities typically ranges between 12 and 24 months. Once the construction of a manufacturing facility is completed, the output of that facility generally increases over time, with the aim of keeping pace with customer's production ramp-up schedules. The increase in output to keep pace with customers schedule involves significant ramp-up costs and its success depends to a large extent on availability of skilled personnel as well as know-how of the concerned market, especially while expanding in new geographies.

A.11.3. FINANCIAL RISKS

Financial risks

The Group is exposed to various financial risks due to its activities as an international production company. These financial risks include the credit risk which is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Group and arises principally from the Group's receivables from customers and deposits with banking institutions.

Due to ongoing monitoring of the compliance with agreed terms of payment for all customers, risks of bad debt losses are minimised. Monitoring of credit ratings of suppliers/non-OEM customer takes place from time to time.

The liquidity risk encompasses any risk that the Group cannot fully meet its financial obligations. To manage the liquidity risk, cash flow forecasting is performed in the operating entities of the group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Although there was no significant impacts from the coronavirus COVID-19 (“COVID-19”) pandemic on the Group’s exposure to financial risks or risk management procedures in the periods presented by the these Consolidated Financial Statements, management is continuously monitoring the evolution of COVID-19 as information becomes available and the related effects on the financial position and results of operations of the Group.

Forex Risk

The majority of our costs and incomes are denominated in local currencies, providing a “natural hedge” against currency exchange fluctuations, and some of our contracts with OEMs allow for price adjustments in the event of unfavourable currency exchange rate developments. Nevertheless, our global footprint exposes us to certain currency exchange risks, arising primarily from the import of raw materials for certain of our operations and our non-euro-denominated borrowings. SMRP BV group do selective hedging to hedge these currency risks.

Financial instrument Risk

The Group makes use of financial instruments like forward contracts and fixed to fixed cross currency swap contracts for economic hedging purposes only, in order to protect against exchange rate movements. The forward contracts are used to hedge highly probable forecast transactions expected to occur over short to medium term period based on underlying business exposures. The Group also makes use of fixed to fixed cross currency interest rate swaps in order to protect against exchange movement on its USD denominated senior secured notes.

By entering into aforesaid financial instruments, the Group is exposed to potential credit risk of the counter party however the group’s treasury maintains a close watch on credit standing of the counter parties and transactions are only entered into with banks and financial institutions of good credit standing and independently rated in order to eliminate or keep the potential credit risk to the minimum.

A.11.4. COMPLIANCE RISKS

Legal Risk

Significant changes in laws & regulations

The legal, regulatory and industry-standard environment in our principal markets is complex and dynamic, and future changes to the laws, regulations and market practice with regard to emissions and safety, could have an adverse effect on the products we produce and on our profitability. The regulatory environment across all countries in the World is changing rapidly and frequent regulatory changes by the Government of any Country in which Group operates, may impact the profitability or growth perspectives.

Additionally, we could be adversely affected by changes in tax or other laws that impose additional costs on automobile manufacturers or consumers, or more stringent fuel economy and emissions requirements on manufacturers of sport-utility vehicles, light trucks and other vehicles from which we derive some of our sales.

Changes in legislation or policies related to tax applicable to us could adversely affect our results of operations.

The Group is subject to complex tax laws in each of the jurisdictions in which it operates. Changes in tax laws could adversely affect the tax position, including effective tax rate or tax payments. In addition, European tax laws and regulations are extremely complex and are subject to varying interpretations. Particularly in emerging markets such as China and Brazil, tax laws may be interpreted inconsistently. The application and interpretation of laws by governmental authorities may therefore be uncertain and difficult to predict.

Certain territories in which we operate also have transfer pricing regulations that require transactions involving associated companies to be affected at arm's length terms. Furthermore, the focus of OECD and the G20 countries on implementation of Base erosion and profit shifting (BEPS) measures also continues with many countries making changes through national legislations and multilateral instruments.

It is our policy, therefore, that any pricing of arrangements between related parties, such as the intra-group provision of services, is carried out on an arm's length basis and in accordance with all applicable regulations.

The OECD released the Chapter X of the long-awaited OECD Transfer Pricing Guidelines on Financial Transactions. Chapter X provides guidance on transfer pricing (TP) aspects of financial transactions, including treasury activities, credit ratings, intra-group loans, cash pools, guarantees, captive insurance and will have major tax and business implications for companies with respect to their financing and treasury activities. This makes a consistent rating and benchmarking approach pivotal for SMRP BV's financing activities, the Group started to roll out revised benchmarking procedures towards the end of the year and to be implemented completely within the next financial year.

The EU concluded Anti-Tax Avoidance Directive (ATAD I & II "ATAD") forming part of a larger anti-tax avoidance package adopted by the European Union (EU) in response to the OECDs Base Erosion and Profit Shifting (BEPS) action plan. Designed to tackle tax avoidance practices, ATAD lays down minimum standards for EU Member States, requiring them to change their corporate tax laws in certain areas and within specific timelines. Most of the new rules apply as of January 1st, 2019 and may have a potential impact on cross-border transactions involving an EU entity.

As part of ATAD 1, the Netherlands introduced controlled foreign corporation rules ("CFC rules") effective as from 1 January 2019, which are aimed to neutralize artificial deferral of tax by utilizing offshore low-taxed entities. Following the Dutch CFC rules, passive income of entities or permanent establishments located in a low-taxed or non-cooperative jurisdiction will be included in the tax base of the Dutch (indirect) parent company. The Dutch CFC rules are laid down in article 13ab of the Dutch Corporate Income Tax Act 1969 ("CITA"), which stipulates that an entity or permanent establishment will be treated as a CFC if the controlling interest requirement and the residence requirement are both met. The Dutch implementation of the CFC rules, however, include various exceptions on the basis of which an entity, which falls within the scope of the main rules, may ultimately not qualify as a CFC. Further, as an outcome of ATAD, in most of the European countries comparable interest limitation rules are introduced impacting the tax deductibility of interest expenses.

On 25 May 2018 the Council of the European Union adopted the EU Council Directive 2018/822 on Administrative Cooperation ("DAC6"), as regards mandatory exchange of information in the field of taxation in relation to reportable cross-border arrangements. Under the new rules of DAC6, Netherlands intermediaries (and in some cases companies/taxpayers and their board) such as tax advisors, accountants, corporate service providers and lawyers that design, promote or (assist to) implement tax planning schemes are required to report potentially aggressive tax arrangements to the tax authorities.

These DAC6 rules have now been implemented in Netherlands domestic law. Parliamentary discussions in November and December 2019 have provided further guidance on how to deal with these rules.

Subsequently, a number of “Hallmarks” should be applied to the cross-border arrangement that started implementation on or after 25 June 2018. There are 25 Hallmarks divided over 5 categories (e.g. “cross-border transactions”, “transfer pricing” and “beneficial ownership”). Some of the Hallmarks are linked to a so-called “main benefit test” (i.e. do only apply to arrangements of which the main reason or one of the reasons is to obtain a tax benefit), others are not.

These new rules and regulations may have potential impact on the Group. The Group relies on generally available interpretations of tax laws and regulations in the jurisdictions in which it operates. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, this may have an adverse effect on our business, financial condition and results of operations.

Legal or regulatory claims or investigations against us could have a material adverse effect on our financial position.

From time to time, the Group may become involved in legal or regulatory proceedings, claims or investigations, including by governmental bodies, anti-trust regulatory authorities, customers, suppliers, former employees, class action plaintiffs and others. On an on-going basis, we attempt to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty.

Risk Appetite Assessment

The Group operates in markets with growth potential which are subject to volatility and competition. We will pursue our growth targets with clear focus on Return On Capital Employed (ROCE) and de-risking policy. SMRP BV risk appetite varies depending upon type of risk.

RISK CATEGORY	RISK APPETITE
Strategic Risks	Moderate
Operational Risks	Moderate
Financial Risks	Low
Compliance Risk	Low

Risk Management System

The global presence and decentralised management structure with the main activities in the plants make an organised risk management system necessary. The Group has formed the collective risk management system through regulations, instructions, implementation rules and, in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring which is used to define, record and minimise operating, financial and strategic risks.

The Group manages its risk by operating its business under well placed two tiered board structure, consisting of separate management and supervisory boards. There are well structured senior management committees comprised of members of the Board as well as senior management personnel from each of SMR, SMP and Motherson. The successful management of opportunities and risks is part of operating a business and is the primary task of all management personnel. During the regular management meetings at all management levels, opportunities, risks and optimisation measures are subjected to systematic treatment. Rapid, open and unhindered communication between all levels of management on the risks and imminent exceptional situations ensure that potential risks can be identified at an early stage and their effects can be limited. Risk awareness and the integration of risk management into management personnel's on-going duties at an organisational level enable the Group to identify risks immediately and to eliminate them or to minimise their effects on the net asset, financial and income position.

The Group averse the risks by operating under the uniform code of conduct. Motherson maintains a uniform code of conduct which is implemented throughout Motherson and which binds all officers, directors and employees.

The above risk management system provides the control measures to reduce/eliminate the risks. An overview of the main risks and the risk control (framework) can be found in paragraph A.6.6.3 of the Notes to the consolidated financial statements.

A.12. CODE OF CONDUCT

Subject to the requirements under local laws of the jurisdiction in which the Group operates, Motherson maintains a uniform code of conduct which is implemented throughout Motherson and which binds all officers, directors and employees.

The Group is committed to conduct its business under this code of conduct which states highest standards of business ethics. This code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. The matters covered in this Code are of the utmost importance to the Company, our shareholders and our business partners. Further, these are essential so that we can conduct our business in accordance with our stated values.

Our Group is committed to conduct its business affairs in accordance with the economic development, objectives of the Government and foreign policies of our country and in the countries in which we operate.

A.13. FINANCIAL OUTLOOK & GOING CONCERN

These financial statements are prepared under the assumption that the Group is a going concern. The directors of the Group 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 Group will continue as a going concern.

SMRP BV has strong mid-term revenue and cash flow visibility on the back of robust Order Book of € 13.6 billion as of March 31, 2020. This Order Book reflects Group's focus on growth across diversified geographies and customers. SMRP BV has incurred significant amount of capex for capacity expansion and modernization leading to Global foot print expansion and nearshoring to support its strong order book.

SMRP BV Group's liquidity requirements arise principally from operating activities, capital expenditure for new facilities, maintenance & expansion capital expenditure, short term investments in engineering projects for customer new product launches, repayment of borrowings and debt service obligations. Principal source of funding includes cash from operations, committed credit lines, short-term loans and overdraft facilities at some of the operating entities.

As at March 31, 2020 SMRP BV Group had available liquidity of € 954 million (subject to restrictions under net leverage ratio) under committed revolver credit facilities, other working capital facilities and cash & cash equivalent. Cash generated from operating subsidiaries is utilised to finance growth within the operations of such subsidiary or is transferred to holding companies through the payment of dividends or inter-company loans. In most cases there are no significant obstacles or barriers for such transfer of funds but these are always subject to local jurisdictions at respective country.

As at March 31, 2020 SMRP BV group had net leverage ratio of 1.83x as per the definitions under its finance documents which excludes shareholder loan of € 150 million from the calculation of debt. This clearly depicts that Group has significant headroom available for generating additional liquidity through borrowings for any growth opportunities and business contingencies.

A.14. CREDIT RATING

The company's credit ratings were recently reviewed by the rating agencies in post COVID-19 scenario amid disruptions in the business activity. The revised ratings were received one notch down from earlier assigned ratings.

The current rating status of the company as on date of report is as follows:

Agency	Issuer Rating	Issue Rating	Outlook
S&P	BB	BB	Stable
Fitch Ratings	BB	BB+	Negative

A.15. ENVIRONMENTAL AND SOCIAL POLICIES

SMRP BV recognises its corporate responsibility to carry out its operations whilst minimising the impact on the environment. It also aims to comply with all applicable environmental legislation to prevent pollution and to minimise environmental damage occurring as a result of its activities. Most of our primary production facilities are certified to ISO 9001 and/or 14001. We have established environmental policies with respect to the handling of chemicals, gases, emissions and waste disposals from our manufacturing operations and have not been party to any material environmental claims in the past.

We have undertaken several corporate social responsibility programs, including aiding underprivileged children and promoting the education of girls. Such programs are associated with several non-governmental organizations and institutions dedicated to primary education and development of underprivileged girls. They also provide support to organizations that care for children without adequate parental care and those in difficult circumstances, and to a non-governmental organization that is run for the benefit of special children. They provide need-based scholarships to underprivileged children and support orphanages and old-age homes.

A.16. DIRECTORS' RESPONSIBILITY

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In preparing these financial statements the directors should:

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

The directors confirm they have complied with all the above requirements in preparing the financial statements.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Company has well diversified composition of existing Management & Supervisory board in terms of age, experience, educational and professional background.

The brief resume of our directors outlining their nature of expertise in functional areas, educational and professional background is as follows:

Mr. Laksh Vaaman Sehgal is a **managing director and Chief Executive Officer** of the Company, and has been a director since June 2014 and is responsible for strategic planning and decision making for the Group. Prior to his appointment as chief executive officer, he served as the chief executive officer of SMR following its acquisition in 2009 until 2013. He is also a director of MSSL and SAMIL. In his capacity as Chief Executive Officer of the Issuer, he is actively involved in the Group's investment decisions and its strategic decision-making process, and helps to define and manage the Group's overall control policies. Mr. Vaaman Sehgal holds a Bachelor of Business Administration from Boston University and a Masters in Finance from Columbia University.

Mr. Andreas Heuser is a **managing director** of the Company and Head of Chairman's Office Europe & Americas of Motherson, and has been a director of Issuer since October 2011. He joined Motherson in 2005, as the Head of its European corporate office, Mr. Heuser also currently serves as a director of SMR, SMP and in multiple Motherson companies.

Mr. Jacob Meint Buit is an **independent local resident managing director** of the Company, and has been a director since the Issuer's incorporation in 2011. After studying economics and tax law in Amsterdam, Mr. Buit joined the tax law firm of Loyens & Loeff in 1974, where his practice focused on international corporate matters. Mr. Buit practiced at Loyens & Loeff for a total of 28 years, including 18 years as a partner and an additional 2 years as counsel, until leaving the firm in 2001. Mr. Buit is a member of various non-profit, supervisory and corporate boards.

Mr. Randolph M. Th. de Cuba is an **independent local resident managing director** of the Company and has been a director since June 2015. After studying law and economics in Rotterdam Mr. de Cuba joined PwC in 1980 as a tax professional, where his practice focused on international corporate tax matters. Mr. de Cuba's tenure at PwC was 32 years, including 26 years as a partner. Mr. de Cuba is an independent consultant and holds directorships on various corporate boards.

Mr. Bimal Dhar is a **supervisory director** of the Company, and has been a supervisory director since June 2014. He has over 40 years of experience in the automotive industry, serving in a variety of engineering and management roles. Mr. Dhar also holds directorships in multiple Motherson companies.

Mr. Vivek Chaand Sehgal is a **supervisory director** of the Company and has been a supervisory director since June 2014. Mr. Sehgal established Motherson in 1975 and Motherson Sehgal Cables in 1977. In 1983, he entered into a technical collaboration with Tokai Electric Co. (now Sumitomo Wiring Systems Limited ("SWS")) and in 1986 entered into a joint venture with SWS to form MSSL. He is a director and chairman of MSSL and holds directorships in multiple Motherson companies.

Mr. Gaya Nand Gauba is a **supervisory director** of the Company and has been a supervisory director since June 2014. He also currently serves as Chief Financial Officer of MSSL. Mr. Gauba joined MSSL in 1997, and has accumulated over 38 years of experience in finance, accounting and taxation working at various companies in India. He also holds directorships in various Motherson companies. Mr. Gauba is an Associate Member of the Institute of Cost and Works Accountants of India and an Associate Member of the Institute of Company Secretaries of India. Mr. Gauba holds a Bachelor of Commerce (Honours) and a Master of Commerce from the University of Delhi.

Mr. Kunal Malani is a **supervisory director** of the Company and head of the Strategic Team of Motherson, and has been a supervisory director since October 2014. Mr. Malani has 15 years of experience in banking and consulting roles, including positions with Merrill Lynch and India Infoline prior to joining Motherson in 2013. Mr. Malani received a Bachelor's of Commerce with honors from Calcutta University and completed a postgraduate program in Management at the Indian School of Business. He is a member of the Institute of Chartered Accountants of India.

Ms. Geeta Mathur is a **supervisory director** of the Company since April 2019. She is a graduate in Commerce (Hons.) from Sri Ram College of Commerce, Delhi University, India and a qualified Chartered Accountant with a meritorious educational background. She has over 25 years of rich experience in the field of project, corporate and structured finance, treasury, business development, investor relations, strategic planning and team building in diverse industries like finance, real estate, chemicals and plastic compounds and also in NGOs. Ms. Mathur is an Independent Director on the Board of various Indian Companies including Motherson Sumi Systems Limited.

A.17. ACKNOWLEDGEMENT

Your Board of Directors would like to place on record their sincere appreciation for the wholehearted support and contributions made by all the employees of the Company as well as customers, suppliers, bankers, auditors and other authorities.

Approved by the Board of Directors and signed on behalf of the Board.

Date: May 29, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Samvardhana Motherson Automotive Systems Group BV together with its subsidiaries (hereinafter referred as “SMRP BV Group” or “the Group”) are a leading global Tier 1 supplier of rear view vision systems and interior and exterior modules (including door panels, instrument panels and bumpers) to automotive original equipment manufacturers (“OEMs”) primarily for use in the production of light vehicles. We are also a member of the Samvardhana Motherson Group (“SMG”), one of the global Tier 1 automotive supplier. We have long-term relationships with global OEMs by production volume and our OEM customers collectively represented over 90% of global automotive production. In addition, we currently hold leading market positions in our key product segments and geographies, particularly in the premium segment (which includes brands such as Audi, Daimler, VW, BMW, Renault/Nissan, PSA, Porsche, Ford, Hyundai and others), on which we are especially focused. We are active across the phases of our products’ lifecycles, from product conception, design, styling, prototyping and validation to the manufacture, assembly and subsequent delivery of fully-engineered assembled products. SMRP BV Group has presence in each major global automotive production region, with 70 production facilities spread across 24 countries and strategically located in close proximity to the manufacturing plants of the OEM customers. SMRP BV Group operate business through following main divisions:

Rear view vision systems:

Samvardhana Motherson Reflectec (SMR)

SMR division produces a wide range of rear-view vision systems primarily for light vehicles and is a leading global supplier of exterior mirrors. Rear view mirrors play an important role in automotive safety and design, and are becoming increasingly sophisticated. SMR’s mirrors are engineered to optimize aerodynamics and integrate technologically advanced features that enhance safety, comfort and aesthetics. SMR is active in every phase of the product development cycle, and its product portfolio covers a wide spectrum of vehicle and price segments, from low-cost mirrors to highly complex premium mirrors incorporating a variety of electronic features.

From its division headquarters in Stuttgart, Germany, SMR operated 22 manufacturing facilities with presence in 16 countries and employed 7,861 people as of March 31, 2020.

Interior and exterior modules:

Samvardhana Motherson Peguform (SMP)



SMP division produce various polymer-based interior and exterior products for light vehicles. SMP's product portfolio is primarily comprised of complete modules, including door panels, instrument panels and bumpers as well as other plastic components and systems, such as centre consoles, decorative interior trims and plastic body parts. These products involve a complex manufacturing and assembly processes, require significant systems integration expertise and represent key comfort and aesthetic features of the vehicles in which they are integrated.

SMP focuses on the premium segment, and is a leading global supplier of door panels, instrument panels and bumpers. SMP's facilities are strategically located in close proximity to the plants of its OEM customers, allowing for minimal lead times and transport costs and efficient inventory management through “just-in-time” and “just-in-sequence” deliveries to customers.

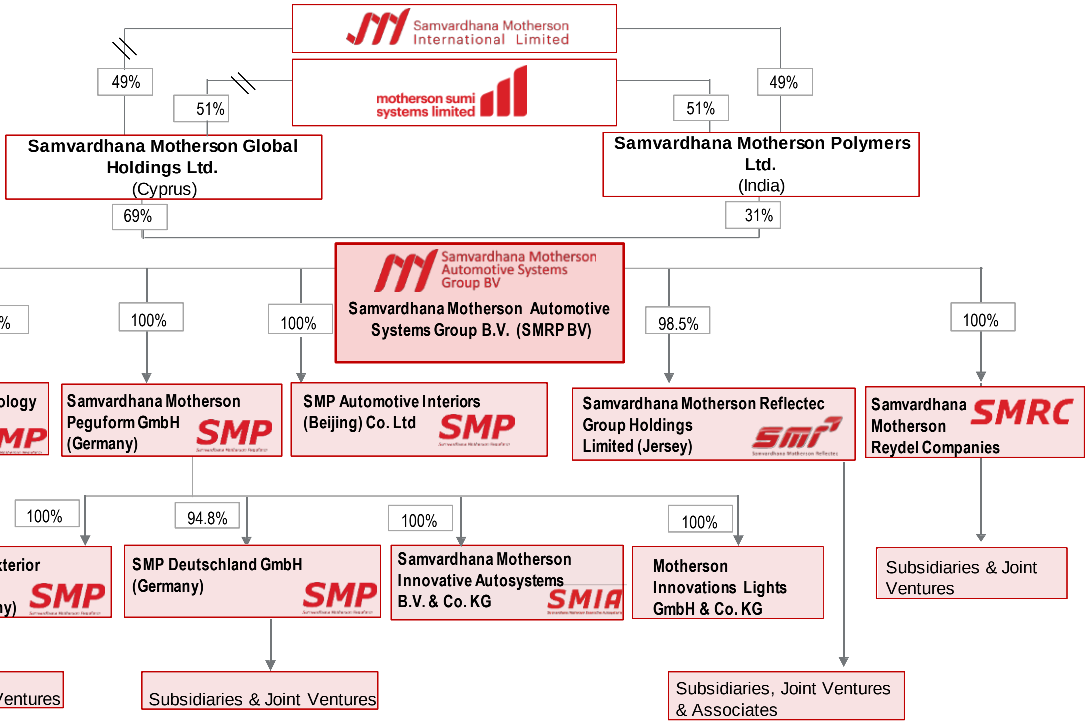
SMP's research and development team are focussed on meeting and exceeding the steadily increasing requirements of its customers and focuses on key areas including lightweight constructions, renewable raw materials, occupant protection and pedestrian protection. The engineering team works with OEM to develop cost-efficient innovative products along with adding new functionalities and continually improving SMP's existing product range.

SMP division includes Reydel Automotive Group which was acquired on August 02, 2018 by SMRP BV by purchasing 100% stake in Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V. (subsequently renamed as Samvardhana Motherson Reydel Companies” or “SMRC”). SMRC manufactures interior components and modules for global automotive customers and further strengthens the SMRP BV's offerings in the automotive interiors space along with existing SMP group. SMRC is a leading global developer and supplier of interior components to the global automotive manufacturers. SMRC's Interiors Product Portfolio includes Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit Modules.

SMP (including SMIA & SMRC) has 48 manufacturing facilities in 20 countries and employed 22,222 people as of March 31, 2020.

GROUP STRUCTURE

The following diagram represents the Corporate Structure of SMRP BV Group along with details of its principal shareholders:



Corporate Structure as at March 31, 2020 and is not a legal structure.

CORPORATE INFORMATION

MANAGEMENT BOARD:

The Management Board of the company is responsible for managing day to day business and to legally represent the company in its dealing with third parties while maintaining high standards of corporate governance and corporate responsibility. Management Board consists of following members:

1.	Laksh Vaaman Sehgal	Managing Director (Chairman and Chief Executive Officer)
2.	Andreas Heuser	Managing Director
3.	Jacob Meint Buit	Resident Managing Director
4.	Randolph de Cuba	Resident Managing Director

SUPERVISORY BOARD:

The Supervisory Board of the company is responsible for supervising the management board's policy and course of action and to supervise the general conduct of the affairs of the company and any business it may be affiliated with. The supervisory board assists the management board in an advisory capacity and have to carry out their duties in the interest of the company. Supervisory Board consists of following members:

1.	Vivek Chaand Sehgal	Director and Chairman, Motherson Group
2.	Bimal Dhar	Director
3.	G.N. Gauba	Director
4.	Kunal Malani	Director
5.	Geeta Mathur	Director

The above composition of Management & Supervisory Board is as on date.

REGISTERED OFFICE:

The registered office of the company is under:
Hoogoorddreef 15, 1101 BA Amsterdam
The Netherlands

AUDITORS:

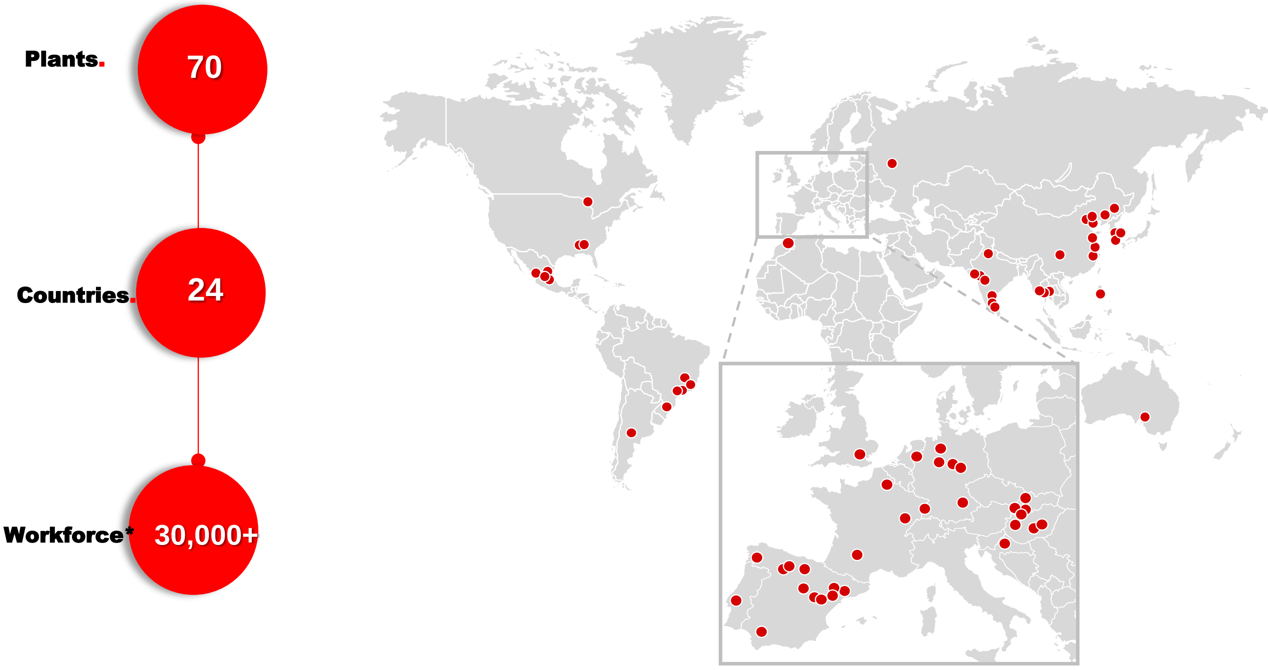
The statutory auditors of the company are:
Ernst & Young Accountants LLP
Boompjes 258, 3011 XZ,
Rotterdam,
The Netherlands

GEOGRAPHICAL FOOTPRINT

SMRP BV Group has 70 manufacturing facilities across 24 countries. Out of 70 manufacturing plants, SMR has 22 manufacturing plants, SMP has 48 manufacturing plants.

SMRP BV Group's global footprint enables strategic presence of manufacturing facilities with close proximity to the plants of OEM customers. This enhances the ability to supply to in a timely and cost-efficient manner, particularly with respect to the majority of interior & exterior modules, including door panels, instrument panels and bumpers, which cannot typically be transported efficiently. In addition, consumer demand for vehicle personalisation in the premium segment has increased the complexities of interior and exterior modules, some of which could have hundreds of potential permutations and combinations. To overcome these challenges, SMRP BV assemble products in close proximity to the plants of OEM customers, and deliver them on "just-in-time" and "just-in-sequence" basis directly to customers' production lines with minimal lead times.

Following chart provides an overview of SMRP BV Group's global footprint:



Above information is as at March 31, 2020

FINANCIAL PERFORMANCE FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

Samvardhana Motherson Automotive Systems Group BV's Board has approved its consolidated financial statements for the fiscal year ended March 31, 2020. The Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable.

COVID-19 PANDEMIC

With the outbreak of the COVID-19 pandemic in beginning of Q4 FY19-20 in China and spreading to rest of the world towards mid-March 2020, production activities at our plants across the globe were disrupted to comply with local regulations and ensure safe health of our employees.

In China, the production volumes declined in early months of Q4 FY19-20 but started to normalise in March 2020 as the spread of the virus was contained in China. Other geographies started to decline in production levels towards March and as a consequence, our results for the quarter ended March 31, 2020 were adversely affected.

We have been closely monitoring the situation and tracking governments responses in respective countries to mitigate impact on business activities implemented as a result of the COVID-19 pandemic. Most of our plants in Europe and the Americas have restarted production at the end of April / beginning of May 2020 and are expected to normalise operations gradually in line with customers schedules.

ADOPTION OF NEW ACCOUNTING STANDARD IFRS 16

Effective April 01, 2019, **"IFRS 16 – Leases"** became applicable on the Group replacing IAS 17 and other related interpretations. IFRS 16 requires lessees to recognize assets for the right to use as well as leasing liabilities for the outstanding lease payments. This means that leases that were previously not recognised in the Statement of Financial Position will have to be recognised – very similar to the accounting of finance leases under IAS 17.

The Group has adopted the standard from April 1, 2019 without restating comparative amounts for the March 31, 2020 as permitted by the modified retrospective approach.

Following impacts were recognised in view of adoption of new standard:

€ Millions	**As at April 01, 2019**	**As at March 31, 2020**
Right of Use Assets	105	100
Lease Liabilities	105	103
Derecognition of lease expense	-	32
Interest expense on leases	-	(4)
Depreciation on Right of Use Assets	-	(31)
Net Impact on Profit Before Tax	**-**	**(3)**

FINANCIAL HIGHLIGHTS

The company's financial highlights for the fiscal year ended March 31, 2020 are summarized as follows:

REVIEW OF CONSOLIDATED FINANCIALS

Following are the summary financials for the quarter and fiscal year ended March 31, 2020:

Income Statement	3M ended March 31, 2019			3M ended March 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	1,489	1,060	429	1,312	938	375
EBITDA**	68	20	52	95	42	55
% to Revenue	4.6%	1.9%	12.1%	7.2%	4.5%	14.7%

Income Statement	Year ended Mar 31, 2019			Year ended Mar 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	5,312	3,704	1,611	5,603	4,057	1,548
EBITDA**	335	159	188	336	163	185
% to Revenue	6.3%	4.3%	11.7%	6.0%	4.0%	12.0%

Following are the summary financials for the quarter and fiscal year ended March 31, 2020 excluding greenfields Tuscaloosa (USA) & Kesckemet (Hungary), SMRC and IFRS 16:

Income Statement	3M ended March 31, 2019			3M ended March 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	1,112	683	429	955	581	375
EBITDA**	119	71	52	94	43	53
% to Revenue	10.7%	10.4%	12.1%	9.8%	7.4%	14.1%

Income Statement	Year ended Mar 31, 2019			Year ended Mar 31, 2020		
€ millions	SMRPBV Group*	SMP	SMR	SMRPBV Group*	SMP	SMR
Revenue	4,372	2,764	1,611	4,159	2,613	1,548
EBITDA**	440	264	188	406	237	181
% to Revenue	10.1%	9.6%	11.7%	9.8%	9.1%	11.7%

*SMRPBV Group includes results of segment 'Others', which represents activities carried out by Motherson Innovations (Group's R&D and new technologies development arm) and results of certain corporate and shareholder support functions not allocable to a particular segment on a reasonable basis. For details refer Note A.6.6.4 'Operating Segment Information' in consolidated financial statements for the period ended March 31, 2020.

** excluding bargain gain in FY2018-19.

Key Ratios#	Allowed	March 31, 2020
Gross Leverage Ratio	3.50x	3.2x
Net Leverage Ratio	3.25x	1.83x

Computed excluding Subordinated Shareholder Loan and lease liabilities under IFRS 16

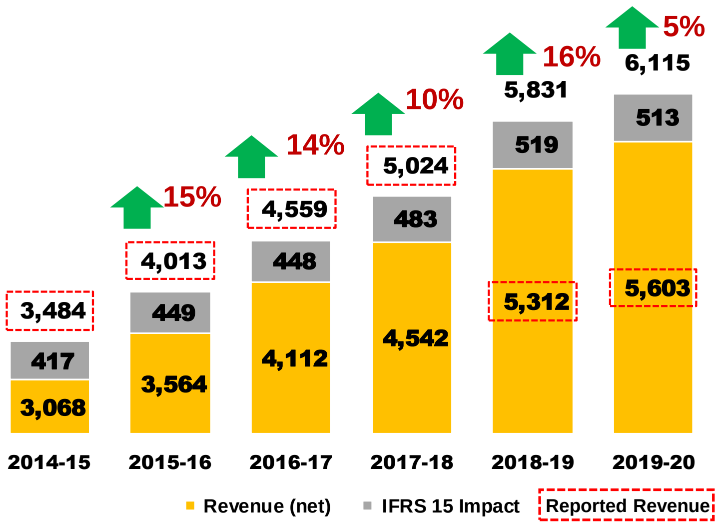
COMPONENTS OF REVENUE & EXPENSES

REVENUE

The Group recorded revenues of € 1,312 million for quarter ended March 31, 2020, lower than the revenue for the corresponding previous quarter ended March 31, 2019 at € 1,489 million. SMP's revenues for quarter ended March 31, 2020 were also lower at € 938 million, compared to € 1,060 million for corresponding previous quarter ended March 31, 2019. SMR's revenues were € 375 million, lower as compared to revenue of €429 million for the quarter ended March 31 2019. The decline in sales is largely attributable to production disruptions due to COVID-19 pandemic outbreak which affected China in the earlier part of current quarter and began affecting rest of the geographies towards mid-March 2020.

For the year ended March 31, 2020 Group's revenue increased to € 5,603 million, representing annual growth of 5% over the corresponding previous year's revenue of € 5,312 million. SMP recorded a revenue growth of 10% over the corresponding previous year as revenue increased to € 4,057 million in March 31, 2020 from € 3,704 in March 31, 2019. This growth is primarily due to ramp up of production at Greenfield plants in USA and Hungary and full year consolidation of SMRC's results. SMR's revenue were € 1,548 million for the year ended March 31, 2020, slightly lower, as compared to € 1,611 million for the fiscal year ended March 31, 2019.

5 Year Revenue Development



During the last 5 years, there has been consistent growth on a year on year basis, we achieved CAGR of 12% during these 5 years. The revenue growth has been due to new greenfield plants viz. at USA, Hungary, Mexico, Germany as well as expansion of existing facilities together with revenue contribution from acquisitions over the years. For the year ended March 31, 2020 the growth was lower partially due to impact of COVID-19 towards the last quarter.

With effect from April 01, 2018 revenue in respect of certain contracts is presented only to the extent of service fees involved, i.e. revenues are presented on a net basis for such contracts. In order to aid comparison of revenue growth, the above chart is presented both on gross as well as net basis, where values in dotted lines indicate reported revenues before and after IFRS 15.

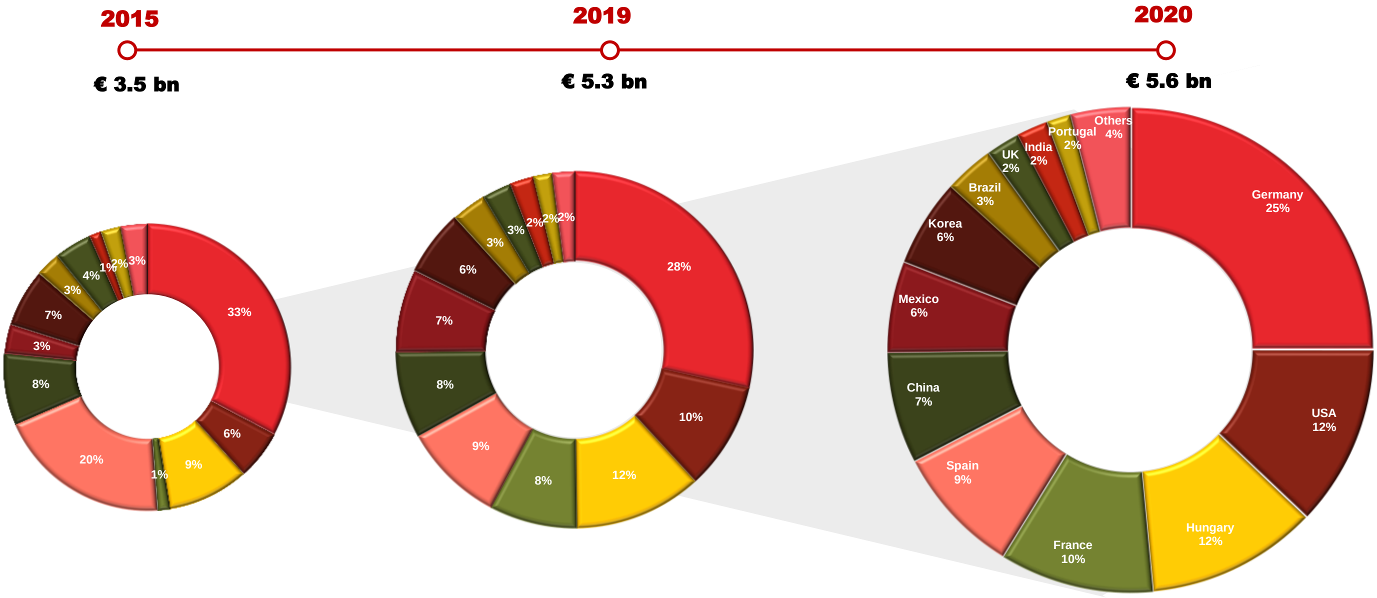
Geographical Spread of Revenues

Geographical Spread of Revenues

During the fiscal year ended March 31, 2020, 62% of the revenues were contributed by European region, APAC region contributed 16% and Americas contributed 22% to the overall group revenues. The company had achieved the healthy revenue growth across various geographies on consolidated basis.

During the last 5 years, the Group has achieved significant diversification in its foot print that has also contributed to diversification of its geographical revenues. For instance, as at March 31, 2015, Germany contributed almost 33% of the Group's revenue, while Germany continues to be the Group's biggest market but with growth in revenues generated out of other geographies, Germany's share of total revenue pie has come to 25%. We have witnessed significant growth in other geographies like USA which now contributes about 12% of total revenues as compared to 6% in March 31, 2015 and France contributes to 10% as compared to 1% in March 31, 2015. This diversification is due to acquisition of SMRC Group in August 2018 and various greenfield plants commercialised in Mexico, USA, Hungary amongst others. The revenues generated from Spain has reduced from 20% in March 31, 2015 to 9% in March 31, 2020, this has been due to change in the presentation of revenues generated from sales under certain contracts due to adoption of IFRS 15 in the year ended March 31, 2019, whereby only the service fees involved in such contracts is recognised as revenue, for more details please refer our annual report for the year ended March 31, 2019.

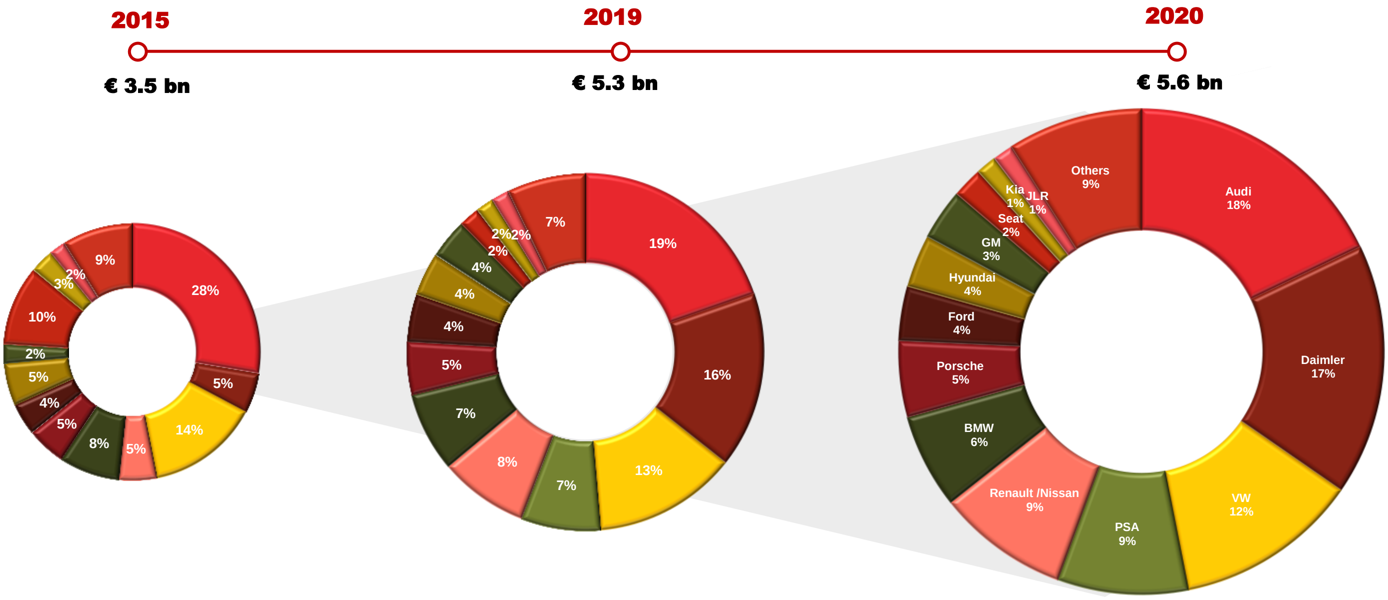
The following chart shows the geographical spread of reported revenue for the fiscal year ended March 31, 2020 and its development since March 31, 2015:



Diversified Customer Portfolio

SMRP BV Group is a trusted partner and strategic Tier I supplier to leading global OEMs and have well established strategic relationships with several OEMs across the globe. The ability to support OEMs in every phase of product development process differentiates the company from many of the competitors and given the substantial investment & time that would be required to replicate company's global footprint, strengthens the status of SMRP BV Group as a preferred partner to most of the leading OEMs in the automotive industry. The company is able to engage with customers during the early stages of collaborative development projects which regularly enables the company to introduce company's products into vehicle's designs phase. This collaboration when combined with close proximity to customer, technological leadership, demonstrated reliability and financial stability results into maintaining strong track record of confirmed order book.

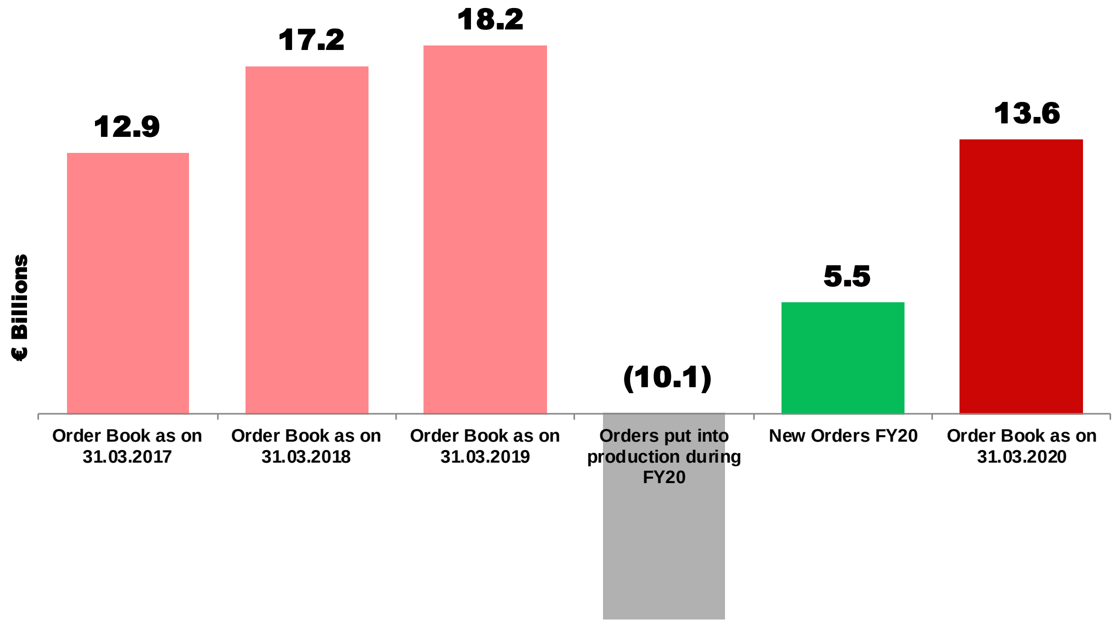
The following chart shows the change in revenue spread by customers for fiscal year ended March 31, 2020 as compared to year ended March 31, 2015:



During the fiscal year ended March 31, 2020 there is a balanced growth in all customers leading to a diversified customer portfolio. As depicted by above chart, as a percentage share of total reported revenue, while Audi continues to be the single largest customer but share of Daimler, and PSA has grown steadily over the last years, thereby leading to more balanced customer profile. This is attributable to consolidation of SMRC results for the entire period and ramp-up of commercial production from Kecskemet & Tuscaloosa.

ORDER BOOK

SMRP BV benefit from mid-term revenue visibility, with an estimated Order Book of €13.6 billion as of March 31, 2020. Order book represents the gross sales that we expect to record over the life time of the orders under contracts for vehicle programs that we have been awarded by OEMs but which are not yet in production and is comprised of both incremental and repeat business. The Order book is based on the nominated volumes which gets crystallised during the development phase.



During the year ended March 31, 2020, new orders worth €5.5 billion of lifetime sales were received. The Group has invested significant capital expenditure in the recent years towards setting up of new Greenfield plants and expansion of existing facilities in order to serve for new customer orders received in the earlier years. During the year, the Group started commercial production for various significant vehicle programs out of these Greenfield plants and other facilities. As a result, thereof, orders worth €10.1 billion of lifetime sales were put into commercial production and therefore taken out from Order book.

EBITDA

The consolidated EBITDA for the quarter ended March 31, 2020 was € 95 million, representing 7.2% of revenue, which is higher than EBITDA (excluding adjustment for gain on bargain purchase) for the corresponding previous quarter ended March 31, 2019 at € 68 million representing 4.6% of revenue.

For fiscal year ended Mach 31, 2020 EBITDA was € 336 million representing 6.0% to revenue, which is similar than EBITDA for the corresponding fiscal year ended March 31, 2019 at €335 million representing 6.3% to revenue.

Excluding Greenfields, SMRC and IFRS 16 Impact, EBITDA for the quarter ended March 31, 2020 was € 94 million representing 9.8% to revenue, vis-a-vis EBITDA for the corresponding previous quarter ended March 31, 2019 at € 119 million, representing 10.7% to revenue. As compare to fiscal year ended March 31, 2020 EBITDA was € 406 million representing 9.8% to revenue, vis-a-vis EBITDA for the corresponding previous fiscal year ended March 31, 2019 at € 440 million, representing 10.1% to revenue.

For the quarter ended March 31, 2020, SMP's EBITDA was € 42 million representing 4.5% to revenue higher than € 20 million (excluding adjustment for gain on bargain purchase) representing 1.9% to revenue for the quarter ended March 31, 2019. For fiscal year ended March 31, 2020 EBITDA was € 163 million representing 4.0% to revenue, which is higher than EBITDA for the corresponding fiscal year ended March 31, 2019 at €159 million representing 4.3% to revenue for the reasons explained above.

Excluding the Greenfields, SMRC and IFRS 16 Impact, SMP's EBITDA for the quarter ended March 31, 2020 was € 43 million representing 7.4 % to revenue, vis-a-vis EBITDA for the corresponding previous quarter € 71 million, representing 10.4% to revenue. For the fiscal year ended March 31, 2020 SMP's EBITDA was € 237 million representing 9.1% to revenue, vis-a-vis EBITDA for the corresponding previous year ended March 31, 2019 at € 264 million, representing 9.6% to revenue This decline in EBITDA is largely due to temporary shutdown on production due to COVID-19 pandemic outbreak towards the end of the quarter.

SMR's EBITDA for quarter ended March 31, 2020 was € 55 million representing 14.7% to revenue vis-à-vis EBITDA of corresponding previous quarter ended March 31, 2019 at € 52 million representing 12.1% of revenue. As compared to fiscal year ended March 31, 2020 EBITDA was € 185 million representing 12.0% to revenue, vis-a-vis EBITDA for the corresponding previous year ended March 31, 2019 at € 188 million, representing 11.7% to revenue.

Excluding the impact of IFRS 16, SMR's EBITDA was € 53 mn representing 14.1% to revenue for the quarter ended March 31, 2020. And EBITDA for the fiscal year ended March 31, 2020 was at € 181 million representing 11.7% to revenue.

COST OF MATERIALS

Cost of materials includes purchases of raw materials, purchases of goods and tools for resale, discounts for prompt payment, purchase returns and similar transactions, volume discounts, changes to inventories, consumption of other supplies and purchase of pre-constructed components. These are primarily variable in nature based on the product mix sold during the period.

Cost of material was at € 761 million for the quarter ended March 31, 2020, as compared to €899 million for the corresponding previous quarter ended March 31, 2019 in absolute terms. For the fiscal year ended March 31, 2020 cost of material was €3,340 million as compared to €3,196 million for the fiscal year ended March 31, 2019. As a % to revenue, cost of material was 59.6% for the fiscal year ended March 31, 2020 which is lower as compared to 60.2% for the fiscal year ended March 31, 2019. For the quarter as well, cost of material as a % to revenue was lower at 58.0% compared to 60.4% for the quarter ended March 31, 2019.

The absolute increases in cost of materials is primarily due to increased production volume and higher engineering revenues due to launch of new programmes for our OEMs as well as inclusion of full year of SMRC in the current period.

PERSONNEL COSTS

Personnel expenses include wages, salaries, paid labour rendered by third parties, employer's social security contributions and other welfare expenses. Personnel expenses are primarily driven by the size of our operations, our geographical reach and customer requirements.

Personnel expenses were at € 327 million which accounted for 24.9% of revenues for the quarter ended March 31, 2020. This is lower as compared to € 349 million which accounted for 23.5% of revenues for the corresponding previous quarter ended March 31 2019. For the fiscal year ended March 31, 2020 personnel expenses were € 1,328 million higher than €1,205 million for the fiscal year ended March 31, 2019 representing 23.7% of revenues for March 31, 2020 and 22.7% of revenues for March 31, 2019. These increases were due to increased production level and ramp up of production from Greenfield plants in Hungary and USA.

OTHER OPERATING EXPENSES

Other operating expenses primarily consists of general administrative expenses, energy costs, repair & maintenance costs, rental & lease costs, freight & forwarding costs, auditors' remuneration, net foreign exchange loss and legal & professional fees.

Other operating expenses were at € 141 million which accounted for 10.7% of revenues for the quarter ended March 31, 2020. This is lower as compared to € 178 million which accounted for 12.0% of revenues for the corresponding previous quarter ended March 31, 2019. For the fiscal year ended March 31, 2020 Other Operating Expenses represented 11.5% of revenues at €647 million as compared to 11.5% of revenues at €616 million for the fiscal year ended March 31, 2019.

The absolute increase in operating expenses for the full year is attributed primarily due to increase in production levels and ramp up costs associated with production from new plants.

OTHER OPERATING INCOME

Other operating income primarily consists of income from development work & other recoveries from customers, rental income, royalty income and subsidies or grants. Other operating income for the quarter ended March 31, 2020 were at € 11 million as compared to € 7 million for the quarter ended March 31, 2019 after excluding gain on bargain purchase of SMRC. For the fiscal year ended March 31, 2020 Other Operating Income was €49 million as compared to €40 million for the fiscal year ended March 31, 2019 after excluding gain on bargain purchase of SMRC.

DEPRECIATION & AMORTISATION

Depreciation & Amortisation refers to the amount recognized in the income statement reflecting the amortized value of the tangible and intangible assets on a straight-line basis over the estimated useful life of the asset. Since April 01, 2019 it also includes depreciation on Right of Use Assets recognised under IFRS 16 in respect of leasing contracts. Depreciation & Amortisation for the quarter ended March 31, 2020 were at € 66 million and € 50 million for the quarter ended March 31, 2019. For the fiscal year ended March 31, 2019, Depreciation and Amortisation expenses were €237 million higher than € 168 million for the fiscal year ended March 31, 2019. Depreciation charge for the fiscal year March 31, 2020 includes € 33 million depreciation on leases recognised pursuant to adoption of IFRS 16. Depreciation and amortisation for the year ended March 31, 2020 also includes €5.5 million on account of impairment recognised in respect of subsidiaries SMP Automotive Produtos Automotivos do Brasil Ltda and SMR Automotive System France S.A, refer note A.6.3.2 for more details.

Further increase in absolute values reflect impact of depreciation on new facilities which have commenced commercial production as well as consolidation of SMRC for the entire period during the current fiscal years.

FINANCE COSTS/(INCOME)

Finance cost consists primarily of interest expense on borrowings, finance leases and defined benefit obligations as well as foreign exchange losses on long-term loans. Finance income consists of interest income, return on plan assets under defined benefit obligations and foreign exchange gain.

The following table depicts the net finance cost and adjusted net finance cost for the quarter ended March 31, 2020 and March 31, 2019. Net finance cost represents finance cost as adjusted for amortisation of bond issuance cost & upfront fees paid on credit facilities and foreign exchange gain/(loss) included in finance cost.

Net Finance Cost - € millions	Q4 18-19	Q4 19-20	Inc(+)/Dec(-)
Net Finance Cost	**12.3**	**20.2**	**7.9**
Add / (Less)			
Interest on lease liabilities	-	(1.7)	(1.7)
Amortisation charge[1]	(0.5)	(0.7)	(0.2)
Foreign Exchange Gain / (Loss) (Net)[2]	1.2	(8.0)	(9.2)
Adjusted net finance cost	**13.0**	**9.8**	**(3.2)**

Net Finance Cost - € millions	FY 18-19	FY 19-20	Inc(+)/Dec(-)
Net Finance Cost	**38.1**	**65.2**	**27.1**
Add / (Less)			
Interest on lease liabilities	-	(5.0)	(5.0)
Amortisation charge[1]	(2.0)	(2.3)	(0.3)
Foreign Exchange Gain / (Loss) (Net)[2]	7.0	(9.0)	(16.0)
Adjusted net finance cost	**43.1**	**48.9**	**5.8**

1) Represents pro-rata amortisation of bond issuance cost and upfront fees paid on credit facilities
2) Foreign exchange gain/loss on reinstatement of foreign currency loans and related items included in net finance cost

Net finance cost for the quarter ended March 31, 2020 was at € 20.2 million as compared to € 12.3 million for the corresponding previous quarter ended March 31, 2019.

For the year and quarter ended March 31, 2020 there was loss due to foreign exchange fluctuations in respect of USD and other foreign currency denominated borrowings within the Group.

Excluding the effects of foreign exchange fluctuations, amortisation charge and interest on leases under IFRS 16, net finance cost for the quarter declined by €3.2 million.

On a similar basis, net finance cost for the fiscal year ended March 31, 2020 increased by € 5.8 million. The increase in net finance cost is due to higher level of average borrowings during the fiscal year ended March 31, 2020 to support the working capital requirements.

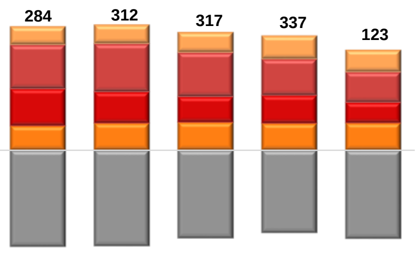
INCOME TAXES

Income tax represents the sum of tax currently payable under the laws of each jurisdiction in which the business is conducted and deferred tax as per accounting standards. Taxes are calculated at domestic tax rates applicable in the respective countries. Income tax expenses for the quarter ended March 31, 2020 were € 26 million as compared to € 8 million for the quarter ended March 31, 2019. For the year ended March 31, 2020 income tax expenses were € 41 million as compared to € 45 million for the fiscal year ended March 31, 2019. Effective tax rate for the current year is higher at 111% as compared to 30% for the year ended March 31, 2019. This increase is due to non-recognition of deferred taxes majorly at greenfield entities on account of conservative accounting policy, excluding impact of such non-recognition consolidated effective tax rate is in the range of 27%.

TRADE WORKING CAPITAL

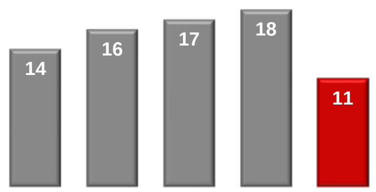
Net trade working capital as at March 31, 2020 was at € 123 million and as at March 31, 2019 was at € 284 million. Net trade working capital represents 11 days for March 31, 2020 and it was 14 days of working capital as at March 31, 2019.

€ Millions.



	31.03.2019	30.06.2019	30.09.2019	31.12.2019	31.03.2020
Trade liabilities	(1,042)	(1,034)	(951)	(892)	(955)
Receivables - Amortisation	197	203	219	249	236
Receivables - Unbilled Revenue	471	517	475	391	327
Receivables	395	336	275	302	224
Inventory	263	290	299	287	291

No of Days*.



31.03.2019	30.06.2019	30.09.2019	31.12.2019	31.03.2020
(54)	(57)	(57)	(56)	(59)
10	11	12	13	13
25	27	27	25	23
19	20	19	20	18
14	15	16	16	16

** Days on hand are calculated based on 360 days basis, using average method and are based on gross revenues*

Analysis on each of these elements are described below:

Receivables
Receivables represents the amount to be received from customers for which goods have already been sold and delivered to the customers or title of the property in goods have been transferred to customers. Trade receivable are recognised initially at fair value and carried at amortised cost. These are net of impairment due to delay or defaults which become likely in specific cases.

This also include amounts in respect of in-progress engineering inventory recognized as unbilled receivables. The Company uses the ‘percentage of completion method’ to determine the appropriate amount of revenue to recognise in a given period. The revenue is recognised on zero profit margin method till the time the contract is completed. The receivables in respect of this revenue is recognised as unbilled receivables in the financial statements.

The Company had receivables for € 224 million and € 395 million as at March 31, 2020 and March 31, 2019 respectively. These represent average days on hand of 18 days and 19 days respectively. The receivables as at March 31, 2020 are lower partly due to the impact of COVID-19 which impacted sales towards the end of quarter resulting in lower receivables.

The unbilled receivables in respect of in-progress engineering inventory stood at € 327 million and € 471 million as at March 31, 2020 and March 31, 2019 respectively. These represent days on hand for 25 days and 23 days respectively. Unbilled receivables have lowered as at March 31, 2020 due to liquidation of engineering inventory as the related projects underwent commercial production. The above receivables are net of advances received from customers for which performance obligation is yet to be fulfilled and estimated liabilities towards open commercial topics.

In some cases, engineering receivables are paid by our OEMs during program life through piece price amortisation. The company had such amortisation receivables for € 236 million and € 197 million as at March 31, 2020 and March 31, 2019 respectively. These represent days on hand for 13 days and 10 days respectively. This increase in amortisation receivables is due to new launches at various locations including our Greenfields.

Inventories
Inventories represent the amount of raw material, work-in-progress and finished goods held by the company in normal course of business. Inventories are carried at the lower of the cost or net realisable value at the reporting date. These are net of impairment due to reduced market visibility or obsolescence. The Company had inventory for € 291 million and € 263 million as at March 31, 2020 and March 31, 2019 respectively. The inventories represented days on hand for 16 days as at March 31, 2020 and 14 days as at March 31, 2019.

Payables
Payables comprise of trade payables and payables for capital goods. Trade Payables represents obligations to pay for goods or services that have been acquired in the ordinary course of business from the suppliers. Payable towards capital creditors represent current obligation to pay for machinery and other such items in the nature of capital expenditure and also payables for work done by third parties in relation to assets under construction. Payables are carried at their fair value. The above payables include accruals for which supplier invoices are yet to be received and are net of advances paid to suppliers for which performance obligation is yet to be fulfilled.

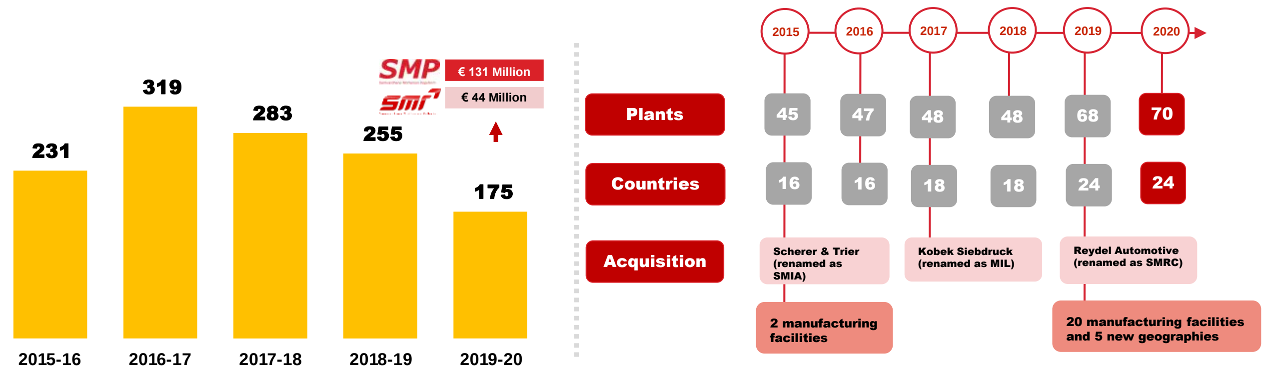
The Company had net payables for € 955 million and € 1,042 million as at March 31, 2020 and March 31, 2019 respectively. These represent days on hand for 59 days and 54 days respectively.

CAPITAL EXPENDITURE

SMRP BV Group's growth strategy includes expanding operations in line with customers' growth and sales order book. The company is one of the few suppliers in its product segment with a global engineering & manufacturing footprint and this strong geographical diversification enables the company to capitalise on global growth opportunities while mitigating the impact of any regional demand fluctuations. The company continuously assess the need for setting up Greenfield plants or expand capacities in existing plants to cater to new platforms with existing/new customers.

SMRP BV Group is also focussed on improving the cost base by enhancing the vertical integration of the manufacturing operations. Capital expenditure is also incurred to upgrade or replace key machineries utilised in manufacturing & assembly process to increase production efficiencies. Such capital expenditure primarily relates to the building of new manufacturing plants or increasing the capacities in existing plants in response to new orders from our customers.

As evident from the below graphs, capital expenditure has been gradually reducing year on year. Capital expenditure incurred during the fiscal year ended March 31, 2020 was €175 million, lowest in last 5 years. Our current level of capital expenditure is sufficient to cater to existing order book as significant part of expenditure for greenfield plants has already been incurred.



In the last 5 years, the Group has invested substantial capital expenditure towards capacity enhancement as well as modernisation of its existing facilities and diversifying its global spread. With the combined effect of capital expenditure and acquisitions over the years, the Group added 25 manufacturing facilities and expanded to 8 new geographies in the last 5 years between March 2015 and March 2020.

CASH FLOW

The following summarises cash flow information for the year ended March 31, 2020:

Statement of Cash Flows (€ millions)	Year ended March 31, 2019	Year ended March 31, 2020
Cash flow from operating activities before changes in working capital and income tax	340	323
Changes in working capital	17	151
Income tax paid	(69)	(53)
Cash flow from operating activities	**288**	**421**
Purchase of property, plant and equipment (including Pre-Payments)	(250)	(175)
Payment for acquistion of SMRC (net of cash acquired)	(91)	-
Others	5	7
Cash flow from investing activities	**(336)**	**(168)**
Net proceeds from / (repayment of) borrowings	201	(50)
Lease payments	(3)	(29)
Interest Paid	(45)	(51)
Others	(17)	(18)
Cash flow from financing activities	**136**	**(148)**
Net increase in cash and cash equivalents	**88**	**105**
Cash and cash equivalents at the beginning of the year	216	311
Variation in cash and cash equivalents from translation in foreign currencies	7	(2)
Cash and cash equivalents at the end of the year	**311**	**414**

Operating Activities

Cash generated from operations before changes in working capital & income tax for the period ended March 31, 2020 was € 323 million. Cash released from working capital was € 151 million, largely on account of liquidation of engineering working capital and lower receivables. Income tax payments of €53 million were made during the fiscal year, resulting into net cash from operating activities of € 421 million during the period ended March 31, 2019.

Investing Activities

Net cash flow utilised in investing activities during the year ended March 31, 2020 was € 168 million. This was primarily contributed by amount paid for purchase of property, plant & equipment (including advances) for € 175 million.

Financing Activities

Net cash flow utilised on financing activities for the year ended March 31, 2020 was € 148 million. This is mainly due to payment of interest and other costs amounting to € 51 million on borrowings and repayment of borrowings €50 million. There were lease payment of €29 Mn for the year ended March 31, 2020 which largely comprises of leases accounted for under IFRS 16 effective April 01, 2019.

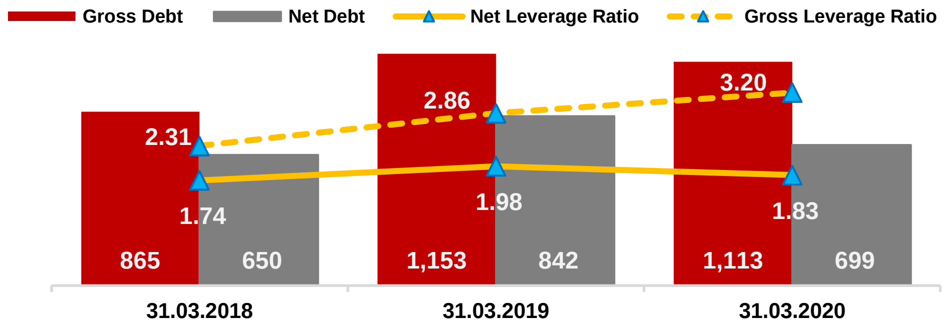
DEBT & CASH

€ Millions	31.03.2018	31.03.2019	31.03.2020
Gross Debt*	**865**	**1,153**	**1,113**
Cash and cash equivalents	215	311	414
Net Debt*	**650**	**842**	**699**
Shareholder Loan	-	150	150

** Gross debt and Net debt are inclusive of Shareholder Loan and finance lease liabilities*

Gross Debt
Gross Debt as at March 31, 2020 was € 1,113 million lower as against € 1,153 million as at March 31, 2019 including shareholder loan of € 150 million as at March 31, 2020 and March 31, 2019. During the year, the Group received additional support from its shareholders in the form of subordinated long-term loan US$ 100 million during September 2019 in order to demonstrate SMRP BV's commitment to adherence of its financial policy, this loan was repaid in February 2020.

Cash & Net Debt
Cash and cash equivalent were € 414 million as at March 31, 2020 and € 311 million as at March 31, 2019. Net Debt was € 699 million as on March 31, 2020 and € 842 million as on March 31, 2019.



Net leverage ratio calculated excluding subordinated shareholder loan and lease liabilities under IFRS 16 was 1.83x as at March 31, 2020. As at March 31, 2020 there were lease liabilities recognised under IFRS 16 for € 103 million which are not included in debt status above.

LIQUIDITY ANALYSIS

SMRP BV Group's liquidity requirements arise principally from operating activities, capital expenditure for new facilities, maintenance & expansion capital expenditure, short term investments in engineering projects for customer new product launches, repayment of borrowings and debt service obligations. Principal source of funding includes cash from operations, committed credit lines, short-term loans and overdraft facilities at some of the operating entities.

Cash generated from operating subsidiaries is utilised to finance growth within the operations of such subsidiary or is transferred to holding companies through the payment of dividends or inter-company loans. In most cases there are no significant obstacles or barriers for such transfer of funds but these are always subject to local jurisdictions at respective country.

As at March 31, 2020 SMRP BV Group had sufficient liquidity under committed revolver credit facilities and other working capital facilities as follows:

€ in Millions	Sanctioned Limit	Utilised as at March 31, 2020	Liquidity Available
RCF (including ancillary facilities)	575	120	455
Other working capital facilities	97	12	85
Total facilities	**672**	**132**	**540**
Cash and Cash Equivalents			414
Total Liquidity Available			**954**

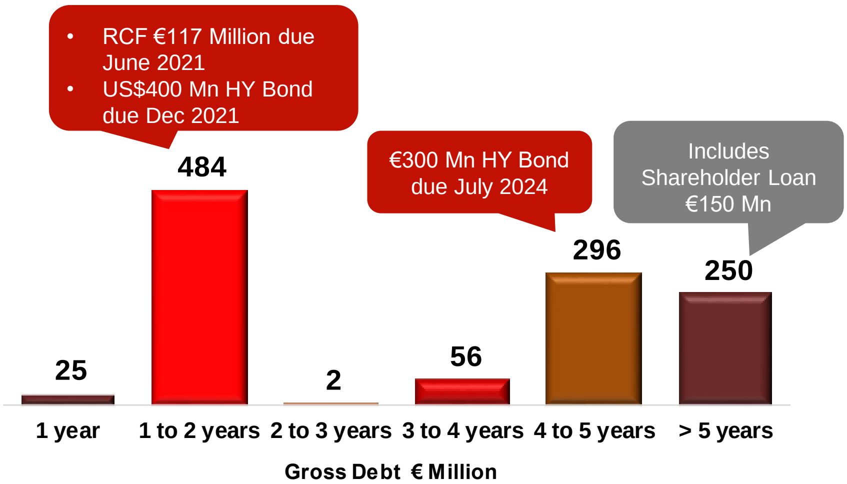
* Available liquidity subject to headroom under leverage ratios

Status of leverage ratio as at March 31, 2020:

Key Ratios#	Allowed	March 31, 2020
Gross Leverage Ratio	3.50x	3.2x
Net Leverage Ratio	3.25x	1.83x

Computed excluding Subordinated Shareholder Loan and lease liabilities under IFRS 16

SMRP BV Group's debt maturity profile as at March 31, 2020:



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Consolidated Financial Statements
For the year ended March 31, 2020

A.1 Consolidated Statement of Financial Position

	Note	March 31, 2020	March 31, 2019
ASSETS			
Property, plant and equipment	**A.6.3.2**	1,454,022	1,506,339
Right of use Assets	**A.6.3.3**	108,219	-
Intangible assets	**A.6.3.4**	44,241	45,433
Investment properties	**A.6.3.5**	11,077	11,403
Investments accounted for using the equity method	**A.6.3.6**	31,958	33,534
Trade receivables	**A.6.3.7**	167,986	149,943
Other receivables and assets	**A.6.3.7**	134,483	126,282
Investments in other entities		16,989	27,558
Other financial instruments	**A.6.3.8**	7,328	2,087
Deferred tax assets	**A.6.5**	33,358	53,392
Total non-current assets		**2,009,661**	**1,955,971**
Inventories	**A.6.3.9**	291,357	262,693
Trade receivables	**A.6.3.7**	326,554	460,250
Other receivables and assets	**A.6.3.7**	445,451	612,647
Current tax assets		34,689	20,231
Other financial instruments	**A.6.3.8**	4,370	4,902
Cash and cash equivalents	**A.6.3.10**	414,223	310,851
Total current assets		**1,516,644**	**1,671,574**
Total assets		**3,526,305**	**3,627,545**
EQUITY AND LIABILITIES			
Shareholder's equity	**A.5**	599,421	657,319
Non-controlling interests	**A.5**	132,514	130,498
Total equity		**731,935**	**787,817**
Borrowings	**A.6.3.11**	966,537	967,241
Lease Liabilities	**A.6.3.12**	78,267	-
Employee benefit obligations	**A.6.3.13**	28,022	28,659
Provisions	**A.6.3.14**	10,296	14,003
Other financial instruments	**A.6.3.8**	-	5,422
Other liabilities	**A.6.3.15**	84,050	81,545
Deferred tax liabilities	**A.6.5**	44,545	58,316
Total non-current liabilities		**1,211,717**	**1,155,186**
Trade payables		938,451	1,049,504
Provisions	**A.6.3.14**	24,542	22,970
Borrowings	**A.6.3.11**	144,069	185,700
Lease Liabilities	**A.6.3.12**	29,417	-
Liabilities to related parties		27,394	27,239
Other financial instruments	**A.6.3.8**	16,251	140
Current tax liabilities		35,765	40,250
Other liabilities	**A.6.3.15**	366,764	358,739
Total current liabilities		**1,582,653**	**1,684,542**
Total liabilities		**2,794,370**	**2,839,728**
Total equity and liabilities		**3,526,305**	**3,627,545**

The notes on pages 50 to 139 are an integral part of these consolidated financial statements.

A.2 Consolidated Income Statement

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	**A.6.4.1**	5,602,468	5,312,146
Changes in inventories	**A.6.4.2**	4,032	5,929
Other operating income	**A.6.4.3**	48,588	51,875
Cost of materials		(3,344,087)	(3,202,027)
Personnel expenses	**A.6.4.4**	(1,327,997)	(1,204,574)
Depreciation and amortization	**A.6.4.5**	(237,082)	(168,309)
Other operating expenses	**A.6.4.6**	(646,911)	(616,352)
Result from operating activities		**99,011**	**178,688**
Finance income	**A.6.4.7**	3,775	10,226
Finance costs	**A.6.4.7**	(68,976)	(48,328)
Earnings before taxes and share of net profit of associates and joint ventures		**33,810**	**140,586**
Share of net profit of associates and joint ventures accounted for under the equity method	**A.6.4.8**	3,335	7,076
Earnings before taxes (EBT)		**37,145**	**147,662**
Income tax expense	**A.6.5**	(41,302)	(44,983)
Profit for the year		**(4,157)**	**102,679**
Profit is attributable to:			
Equity holders of the group		(27,339)	78,365
Non-controlling interests		23,182	24,314
Profit for the year		**(4,157)**	**102,679**

The notes on pages 50 to 139 are an integral part of these consolidated financial statements.

A.3 Consolidated Statement of Comprehensive Income

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year	**(4,157)**	**102,679**
Other comprehensive income:	**(37,613)**	**31,411**
Items that will not be reclassified to income statement		
Remeasurements of post-employment benefit obligations	21	(452)
Income tax relating to these items	106	(92)
Changes in the fair value of equity investments at fair value through other comprehensive income	(10,533)	(201)
Items that may be subsequently classified to income statement		
Cash flow hedges	(10,177)	6,186
Exchange differences on translation of foreign operations	(17,186)	25,970
Income tax relating to these items	157	-
Total comprehensive income for the year	**(41,769)**	**134,090**
Total comprehensive income is attributable to:		
Equity holders of the group	(61,360)	107,000
Non-controlling interests	19,591	27,090
	(41,769)	**134,090**

The notes on pages 50 to 139 are an integral part of these consolidated financial statements.

A.4 Consolidated Cash Flow Statement

	Note	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Earnings before taxes	**A.2**	**37,145**	**147,662**
Adjustments for:			
Depreciation and amortization	**A.6.4.5**	237,082	168,309
Gain from bargain purchase	**A.6.4.3**	-	(12,178)
(Gain) / loss from the sale of property, plant and equipment		486	(529)
Finance costs – net (excluding foreign exchange loss)		56,474	45,389
Share of profits of JV and associates accounted for using equity method	**A.6.4.8**	(3,335)	(7,076)
Reversal / addition of bad debt allowances, provisions and other items		(5,123)	(694)
Unrealized foreign exchange (gain)/loss		116	(821)
Loss / (Gain) on hyperinflation adjustment		368	(503)
Cash flows from operations before working capital		**323,213**	**339,559**
Working capital changes			
(Increase) / decrease in inventories		(33,184)	(34,962)
(Increase) / decrease in trade receivables		113,322	9,659
(Increase) / decrease in other receivables		157,592	(100,604)
Increase / (decrease) in trade payables		(98,198)	56,514
Increase / (decrease) in provisions		(1,796)	1,638
Increase / (decrease) in other liabilities		11,999	85,136
Cash flows from operating activities before income taxes		**472,948**	**356,940**
Income taxes paid		(52,611)	(69,039)
Cash flows from operating activities (A)		**420,337**	**287,901**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment (including advances)		(163,874)	(247,179)
Payments for intangible assets		(13,232)	(10,638)
Proceeds from sale of property, plant and equipment		2,036	7,856
Dividends received from joint ventures		3,877	2,453
Payment for acquisition of subsidiaries, net of cash		(94)	(90,711)
Investment in Joint Venture/Associates		-	(72)
Interest received		3,775	2,267
Cash flows from investing activities (B)		**(167,512)**	**(336,024)**

	Note	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non-controlling interest in subsidiaries		(17,533)	(17,150)
Proceeds from long term borrowings	**A.6.3.11**	166,058	208,807
Repayment of long term borrowings	**A.6.3.11**	(166,040)	-
Repayment of borrowings (net)	**A.6.3.11**	(50,373)	(7,573)
Lease liabilities payments		(28,913)	(2,744)
Interest paid		(50,760)	(45,027)
Cash flows from financing activities (C)		**(147,561)**	**136,313**
Net increase (decrease) in cash and cash equivalents (A+B+C)		105,264	88,190
Cash and cash equivalents at beginning of the financial year		310,851	215,640
Effects of exchange rate changes on cash and cash equivalents		(1,892)	7,021
Cash and cash equivalents at the end of year	**A.6.3.10**	**414,223**	**310,851**

The notes on pages 50 to 139 are an integral part of these consolidated financial statements.

A.5 Consolidated Statement of Changes in Equity

	Attributable to owners of the parent							Non-controlling interest	Total equity
	Subscribed capital	Share premium	Currency translation reserve	Retained earnings	Other reserves	Merger reserve	Total		
As at April 01, 2018	**66**	**900,910**	**(14,359)**	**390,624**	**(6,496)**	**(722,686)**	**548,059**	**106,375**	**654,434**
Total comprehensive income									
Profit for the year	-	-	-	78,365	-	-	**78,365**	24,314	**102,679**
Other comprehensive income									
Items that may be subsequently classified to income statement									
Cash flow hedges (refer A.6.3.16)	-	-	-	-	6,173	-	**6,173**	13	**6,186**
Exchange differences on translation of foreign operations	-	-	23,264	-	-	-	**23,264**	2,706	**25,970**
Items that will not be reclassified to income statement									
Remeasurements of post-employment benefit obligations	-	-	-	(526)	-	-	**(526)**	74	**(452)**
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(198)	-	**(198)**	(3)	**(201)**
Income tax relating to these items	-	-	-	(80)	-	-	**(80)**	(12)	**(92)**
Total other comprehensive income	**-**	**-**	**23,264**	**(606)**	**5,975**	**-**	**28,633**	**2,778**	**31,411**
Total comprehensive income	**-**	**-**	**23,264**	**77,759**	**5,975**	**-**	**106,998**	**27,092**	**134,090**
Transactions with owners									
Hyperinflation	-	-	-	2,262	-	-	**2,262**	-	**2,262**
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	(17,150)	**(17,150)**
Acquired in business combination	-	-	-	-	-	-	**-**	14,181	**14,181**
Total transactions with owners	**-**	**-**	**-**	**2,262**	**-**	**-**	**2,262**	**(2,969)**	**(707)**
As at March 31, 2019	**66**	**900,910**	**8,905**	**470,645**	**(521)**	**(722,686)**	**657,319**	**130,498**	**787,817**

	Attributable to owners of the parent							Non-controlling interest	Total equity
	Subscribed capital	Share premium	Currency translation reserve	Retained earnings	Other reserves	Merger reserve	Total		
As at April 01, 2019	**66**	**900,910**	**8,905**	**470,645**	**(521)**	**(722,686)**	**657,319**	**130,498**	**787,817**
Total comprehensive income	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	(27,339)	-	-	**(27,339)**	23,182	**(4,157)**
Other comprehensive income									
Items that may be subsequently classified to income statement									
Cash flow hedges (refer A.6.3.16)	-	-	-	-	(10,097)	-	**(10,097)**	(80)	**(10,177)**
Exchange differences on translation of foreign operations	-	-	(13,740)	-	-	-	**(13,740)**	(3,446)	**(17,186)**
Income tax relating to these items	-	-	-	-	157	-	**157**	-	**157**
Items that will not be reclassified to income statement									
Remeasurements of post-employment benefit obligations	-	-	-	(88)	-	-	**(88)**	109	**21**
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(10,369)	-	**(10,369)**	(164)	**(10,533)**
Income tax relating to these items	-	-	-	116	-	-	**116**	(10)	**106**
Total other comprehensive income	-	-	**(13,740)**	**28**	**(20,309)**	-	**(34,021)**	**(3,591)**	**(37,612)**
Total comprehensive income			**(13,740)**	**(27,311)**	**(20,309)**	-	**(61,360)**	**19,591**	**(41,769)**
Transactions with owners									
Others	-	-	(27)	131	-	-	**104**	(45)	**59**
Hyperinflation	-	-	-	3,358	-	-	**3,358**	-	**3,358**
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	(17,530)	**(17,530)**
Total transactions with owners	-	-	**(27)**	**3,489**	-	-	**3,462**	**(17,575)**	**(14,113)**
As at March 31, 2020	**66**	**900,910**	**(4,862)**	**446,823**	**(20,830)**	**(722,686)**	**599,421**	**132,514**	**731,935**

For description on various components of the equity, please refer to note A.6.3.16.
The notes on pages 50 to 139 are an integral part of these consolidated financial statements.

A.6. Notes to the Consolidated Financial Statements

A.6.1 General information and description of the business

These consolidated financial statements comprise of Samvardhana Motherson Automotive Systems Group BV (SMRP BV) and its subsidiaries (hereinafter referred to as “SMRP BV Group” or “the Group”) for the year ended March 31, 2020. A list of subsidiaries consolidated is provided in Note A.6.2.3. Motherson Sumi Systems Limited (“MSSL”) is the ultimate parent of SMRP BV Group.

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

These consolidated financial statements have been authorised for issuance by SMRP BV’s management and supervisory board on May 29, 2020. The shareholders have the power to amend and reissue the financial statements.

SMR Group

On March 6, 2009 Samvardhana Motherson Reflectec Group Holdings Limited acquired the Visiocorp Group.

SMR Group produces a wide range of rear view vision systems primarily for light vehicles. It has production facilities and engineering centres in 16 countries across the globe.

SMP Group

SMRP BV acquired the Peguform Group on November 23, 2011 which was subsequently renamed as Samvardhana Motherson Peguform (“SMP”).

SMP division includes business of SMIA which was acquired in January 2015, SMIA with its headquarters in Michelau (Germany) is an internationally renowned specialist in plastic technologies since it’s foundation in 1967.

SMP division also includes Kobek Siebdruck GmbH & Co. KG (hereinafter ‘Kobek’), renamed as Motherson Innovations Lights Gmbh & Co KG (“MIL”) acquired in January 2017. MIL is a specialist in lightning solutions and has been a supplier to the SMP subsidiaries.

SMP includes Samvardhana Motherson Reydel Companies (earlier known as Reydel Automotive Group) which was acquired on August 2nd, 2018.

SMP Group produce various polymer-based interior and exterior products for light vehicles. SMP’s product portfolio is primarily comprised of complete modules, including door panels, instrument panels and bumpers as well as other plastic components and systems, such as centre consoles, decorative interior trims and plastic body parts. It has production facilities and engineering centres in 20 countries across the globe.

A.6.2 Summary of Significant Accounting Policies

A.6.2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared for the financial year beginning April 01, 2019 and ended on March 31, 2020.

The Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, as far as applicable.

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities (including derivative instruments) at fair value (refer Note A.6.2.8). The financial statements have been adjusted for the effects of inflation where entities operate in hyperinflationary economies (refer Note A.6.2.3).

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Previous year figures have been regrouped or reclassified at some places to ensure consistency with current year classifications.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Group has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers;(ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products. The Group 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 Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

A.6.2.2 Currency translation

A.6.2.2.1 Transactions in foreign currencies

All transactions are recorded in the functional currency of the principal operating environment in which each Group company operates. The Consolidated financial statements are presented in ‘euro’, which is also the parent company’s functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate prevailing on this date. Differences from foreign currency transactions and foreign currency monetary assets and liabilities are reported in the income statement as finance income or finance cost if they relate to borrowings, interest thereon and cash, differences from other foreign currency transactions are reported as either other income or other expenses as the case may be. Non-monetary assets and liabilities that are measured at historical cost in foreign currencies at the reporting date are translated into the functional currency at the rate prevailing on the day of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies at the reporting date are translated into the functional currency at the rate prevailing on the date on which the fair value was determined.

A.6.2.2.2 Annual financial statements of foreign operations

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The exchange rates of major currencies of non-Euro zone countries used for the consolidated financial statements are listed below (expressed in foreign currency units per Euro):

		Closing rates		Average rates	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Brazilian Real	BRL	5.74	4.40	5.41	4.38
Mexican Peso	MXN	26.15	21.79	24.65	22.39
Chinese Yuan	CNY	7.81	7.53	7.76	7.76
US Dollar	USD	1.10	1.12	1.11	1.16
Great British Pound	GBP	0.89	0.86	0.90	0.88
Korean Won	KRW	1,343.66	1,274.36	1,345.98	1,287.61
Indian Rupee	INR	83.32	77.57	82.36	80.91
Thai Bhat	THB	36.11	35.58	35.49	37.41
Hungarian Forint	HUF	360.77	320.91	345.71	320.21
Japanese Yen	JPY	118.59	124.33	119.06	128.36
Australian Dollar	AUD	1.80	1.58	1.78	1.59

In case of companies acquired during the year, average foreign exchange rates from the date of acquisition till financial year end are considered for translation.

A.6.2.3 Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like item of assets, liabilities, equity, income expense and cashflows. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Business combinations policy explains how to account for any related goodwill

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Interest in associates
Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of 20% to 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associate are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Equity Method

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

When the Group's share of losses in the associate/joint venture equals or exceeds its interest in the associate/joint venture, including any other long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate/joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/joint ventures and its carrying value and recognizes the amount of impairment adjacent to share of profit/(loss) of an associate/joint ventures in the income statement.

Accounting policies of the associates/joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates/joint ventures are recognized in the income statement.

Elimination of business transactions in the course of consolidation

The group combines the financial statements of the parent and its subsidiaries line by line adding together like item of assets, liabilities, equity, income and expense. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred in a business combination is measured at fair value and comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in income statement as a gain on bargain purchase. The Group reassesses, before recognising a gain on bargain purchase, whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the income statement in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in income statement or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement as gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

The consolidated financial statements of the Group include:

Entity name	Country	Shares held	Minority shares	Voting rights
Samvardhana Motherson Reflectec Group Holdings Limited {SMRGHL}	Jersey	98.45%	1.55%	98.45%
Samvardhana Motherson Innovative Autosystems Holding Company B.V. (held by SMRGHL)	Netherlands	100%	-	100%
Samvardhana Motherson Innovative Autosystems de Mexico, S.A. de C.V. (held by SMRGHL)	Mexico	100%	-	100%
Samvardhana Motherson Global (FZE) (held by SMRGHL)	UAE	100%	-	100%
SMR Automotive Mirror Technology Hungary Bt (held by SMRGHL)	Hungary	100%	-	100%
Motherson Innovations Company Limited (held by SMRGHL) {MI UK}	UK	100%	-	100%
SMR Automotive Holding Hong Kong Limited (held by SMRGHL) {SMR Hong Kong}	Hong Kong	100%	-	100%
SMR Automotive Technology Holding Cyprus Limited (held by SMRGHL) {SMR Cyprus}	Cyprus	100%	-	100%
SMR Automotive Systems India Limited (held by SMR Cyprus)	India	51%	49%	51%
SMR Automotive Systems France S. A. (held by SMR Cyprus)	France	100%	-	100%
SMR Automotive System (Thailand) Limited (held by SMR Cyprus)	Thailand	100%	-	100%
SMR Automotive Mirror Technology Holding Hungary Kft (held by SMR Cyprus) {SMR Hungary Kft}	Hungary	100%	-	100%
SMR Automotive Brasil LTDA (held by SMR Hungary Kft)	Brazil	100%	-	100%
SMR Holding Australia Pty Limited (held by SMR Hungary Kft) {SMR Holding Australia}	Australia	100%	-	100%
SMR Automotives Systems Macedonia Dooel Skopje (held by SMR Hungary Kft)	Macedonia	100%	-	100%
SMR Automotive Operations Japan K.K. (held by SMR Hungary Kft)	Japan	100%	-	100%
SMR Automotive Australia Pty Limited (held by SMR Holding Australia) {SMR Australia}	Australia	100%	-	100%
SMR Automotive Mirror Parts and Holdings UK Limited (held by SMRGHL) {SMR Holding UK}	UK	100%	-	100%
SMR Patents S.A.R.L. (held by SMR Holding UK)	Luxemburg	100%	-	100%
SMR Automotive Technology Valencia SAU (held by SMR Holding UK)	Spain	100%	-	100%
SMR Automotive Mirrors UK Limited (held by SMR Holding UK)	UK	100%	-	100%
SMR Automotive Services UK Limited (held by SMR Holding UK, liquidated March 05, 2015)	UK	100%	-	100%
SMR Automotive Vision System Operations USA INC. (held by SMR Holding UK) {SMR USA}	USA	100%	-	100%
SMR Automotive Mirror Systems Holding Deutschland GmbH (held by SMR Holding UK) {SMR Holding Deutschland}	Germany	100%	-	100%
SMR Mirrors UK Limited (held by SMR USA) {SMR UK}	UK	100%	-	100%
SMR Automotive Mirror International USA Inc. (held by SMR UK) {SMR International USA}	USA	100%	-	100%
SMR Automotive Systems USA Inc. (held by SMR International USA)	USA	100%	-	100%
SMP Automotive Systems Alabama Inc. (held by SMR International USA)	USA	100%	-	100%
SMR Automotive Beijing Company Limited (held by SMR Hong Kong)	China	100%	-	100%
SMR Automotive Yancheng Company Limited (held by SMR Hong Kong)	China	100%	-	100%
SMR Automotive Modules Korea Limited (held by SMR Holding Deutschland) {SMR Korea}	South Korea	100%	-	100%
SMR Hyosang Automotive Limited (held by SMR Korea)	South Korea	100%	-	100%
SMR Automotive (Langfang) Co. Limited (held by SMR Holding Deutschland)	China	100%	-	100%
SMR Automotive Beteiligungen Deutschland GmbH (held by SMR Holding Deutschland)	Germany	100%	-	100%
SMR Automotive Mirrors Stuttgart GmbH (held by SMR Holding Deutschland) {SMR Stuttgart}	Germany	100%	-	100%
SMR Grundbesitz GmbH & Co KG (held by SMR Holding Deutschland)	Germany	93.07%	6.93%	93.07%
SMR Automotive Systems Spain S.A.U. (held by SMR Stuttgart)	Spain	100%	-	100%
SMR Automotive Vision Systems Mexico S.A. de C.V. (held by SMR Stuttgart) {SMR Mexico}	Mexico	100%	-	100%
SMR Automotive Servicios Mexico S.A. de C.V. (held by SMR Mexico) (Liquiadted on July 02, 2019)	Mexico	99.99%	0.01%	99.99%
Motherson Innovations Deutschland GmbH (held by MI UK)	Germany	100%	-	100%
SMR Automotive Industries RUS Limited Liability Company (held by SMR Hungary Kft)	Russia	100%	-	100%
Motherson Innovations LLC (held by MI UK) [MI LLC] {w.e.f. 05 April 2018}	USA	100%	-	100%
Motherson Ossia Innovations LLC (held by MI LLC) {w.e.f. 05 April 2018}	USA	51%	51%	51%
Samvardhana Motherson Corp Management Shanghai Co Ltd (held by SMR Stuttgart) {w.e.f. 13 August 2018}	China	100%	-	100%
Samvardhana Motherson Peguform GmbH (held by SMRPBV) {SMP GmbH}	Germany	100%	-	100%
SMP Automotive Technology Ibérica, S.L. (held by SMRPBV) {SMP Iberica}	Spain	100%	-	100%

SMP Automotive Interiors (Beijing) Co. Ltd (held by SMRPBV) {SMP Beijing}	China	100%	-	100%
SMP Automotive Exterior GmbH (held by SMP GmbH) {SMP AE}	Germany	100%	-	100%
SMP Deutschland GmbH (held by SMP GmbH) {SMP Deutschland}	Germany	94.80%	5.20%	94.80%
Samvardhana Motherson Innovative Autosystems B.V. & Co. KG (held by SMP GmbH)	Germany	100%	-	100%
SMP Logistik Service GmbH (held by SMP Deutschland)	Germany	100%	-	100%
SMP Automotive Solutions Slovakia s.r.o. (held by SMP Deutschland)	Slovakia	100%	-	100%
Changchun Peguform Automotive Plastics Technology Ltd. (held by SMP Deutschland) {CPAT}	China	50%	50%	50%+1*
SMP Automotive Technology Management Services (Changchun) Co. Ltd. (held by SMP Deutschland)	China	100%	-	100%
Foshan Peguform Automotive Plastics Technology Co. Ltd. (held by CPAT)	China	100%	-	100%
Shenyang SMP Automotive Plastic Components Co. Ltd. (held by CPAT) {w.e.f. 22 August 2017}	China	100%	-	100%
Tianjin SMP Automotive Components Co. Ltd. (held by CPAT)	China	100%	-	100%
Samvardhana Motherson Peguform Automotive Technology Portugal, S.A. (held by SMP Iberica)	Portugal	100%	-	100%
SMP Automotive Technologies Teruel, S.L. (held by SMP Iberica) {SMP Teruel}	Spain	100%	-	100%
Samvardhana Motherson Peguform Barcelona, S.L.U. (held by SMP Iberica) {SMP Barcelona}	Spain	100%	-	100%
SMP Automotive Produtos Automotivos do Brasil Ltda (held by SMP Iberica)	Brazil	100%	-	100%-1**
SMP Automotive Systems México, S. A. de C. V. (held by SMP Iberica)	Mexico	100%	-	100%-1**
SM Real Estate GmbH (held by SMP AE)	Germany	94.80%	5.20%	94.80%
Celulosa Fabril (Cefa) S.A. (held by SMP Iberica) {CEFA}	Spain	50%	50%	50%
Modulos Ribera Alto S.LU. (held by CEFA) {MRA}	Spain	100%	-	100%
Motherson Innovations Lights GmbH & Co. KG (held by SMP GmbH) {MIL}	Germany	100%	-	100%
Motherson Innovations Lights Verwaltungs GmbH (held by MIL)	Germany	100%	-	100%
SMRC Automotive Holdings B.V. (held by SMRP BV) [SMRC BV]	Netherlands	85.26%***	14.74%****	85.26%***
SMRC Automotive Interiors Management B.V. (held by SMRP BV) [SMRC M BV]	Netherlands	100%	-	100%
SMRC Automotives Techno Minority Holdings B.V. (held by SMRC H BV) [SMRC MH BV]	Netherlands	100%	-	100%
SMRC Automotive Holdings Netherlands B.V. (held by SMRC BV) [SMRC H BV]	Netherlands	100%	-	100%
SMRC Automotive Modules France SAS (held by SMRC H BV) [SMRC France]	France	100%	-	100%
Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U. (held by SMRC H BV) [SMRC Spain Holdings]	Spain	100%	-	100%
SMRC Automotive Interiors Spain S.L.U. (held by SMRC Spain Holdings) [SMRC Spain]	Spain	100%	-	100%
SMRC Smart Interior Systems Germany GmbH (held by SMRC H BV) [SMRC Germany]	Germany	100%	-	100%
SMRC Automotive Solutions Slovakia s.r.o. (held by SMRC H BV) [SMCR Slovakia]	Slovakia	100%	-	100%
SMRC Automotive Interior Modules Croatia d.o.o. (held by SMRC H BV) [SMRC Croatia]	Croatia	100%	-	100%
SMRC Automotive Interiors Product Poland S.A. (held by SMRC H BV) [SMRC Poland]	Poland	100%	-	100%
SMRC Automotive Techonology RU LLC (held by SMRC H BV) [SMRC Russia]	Russia	100%	-	100%
Samvardhana Motherson Reydel Autotecc Morocco SAS (held by SMRC H BV) [SMRC Morocco]	Morocco	100%	-	100%
SMRC Fabricação e Comércio de Produtos Automotivos do Brasil Ltda. (held by SMRC SA BV) [SMRC Brazil]	Brazil	100%	-	100%
SMRC Automotive Tech Argentina S.A. (held by SMRC SA BV) [SMRC Argentina]	Argentina	100%	-	100%
SMRC Automotive Interiors Japan Ltd. (held by SMRC H BV) [SMRC Japan]	Japan	100%	-	100%
SMRC Automotive Products India Ltd. (held by SMRC H BV) [SMRC India]	India	100%	-	100%
PT SMRC Automotive Technology Indonesia (held by SMRC H BV) [SMRC Indonesia]	Indonesia	100%	-	100%
Yujin-SMRC Automotive Techno Corp. (held by SMRC H BV) [SMRC Korea]	S. Korea	50.9%	49.1%	50.9%
SMRC Automotive Smart Interior Tech Thailand Ltd. (held by SMRC H BV) [SMRC Thailand]	Thailand	100%	-	100%
Shanghai SMRC Automotive Interiors Tech Consulting Co., Ltd (held by SMRC H BV) [SMRC Shanghai]	China	100%	-	100%
SMRC Smart Automotive Interior Technologies USA, LLC (held by SMRC H BV) [SMRC USA]	USA	100%	-	100%

SMRC Automotive Holding South America B.V. (held by SMRC H BV) [SMRC SA BV]	Netherlands	100%	-	100%
SMRC Automotive Modules South America Minority Holdings B.V. (held by SMRC H BV) [SMRC SAM BV]	Netherlands	100%	-	100%
SMRC Automotive Technology Phil Inc. (held by SMRC H BV) [SMRC Philippines]	Philippines	100%	-	100%
Re-Time Pty Limited (held by SMR Australia) {w.e.f. 08 August 2019}	Australia	71.4%	28.6%	71.4%

*SMP Deutschland GmbH has 50% of the voting rights plus one additional vote.
** Represents one share held by Trustee
*** Shareholding % based on total shares issued excluding shares owned by company itself
**** Held by SMRC M BV which is 100% subsidiary of SMRP BV

Joint ventures and Associates are as below:

Entity Name	Nature	Country	Shares held
Eissmann SMP Automotive Interieur Slovensko s.r.o.	Joint venture	Slovakia	49%
Ningbo SMR Huaxiang Automotive Mirrors Co. Limited	Joint venture	China	50%
Chongqing SMR Huaxiang Automotive Products Limited	Joint Venture	China	50%
Tianjin SMR Huaxiang Automotive Parts Co., Ltd.	Joint Venture	China	50%
Re-Time Pty Limited {until 08 August 2019}	Associate	Australia	35%

Capital shares mentioned represent shareholding by the immediate parent of the entity and does not represent effective shareholding by the Group.

During the year ended March 31, 2020 there has been no change in shareholdings of any of subsidiaries and joint ventures other than Re-Time Pty Limited as mentioned above.

Hyperinflation

The financial statements (including comparative amounts, if applicable) of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in other comprehensive income.

With the effect from July 1, 2018, the Argentine economy was considered to be hyperinflationary in accordance with the criteria in IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). This standard requires that the entity or components financial information whose functional currency is that of an economy considered hyperinflationary be restated using a general price index that reflects changes in general purchasing power. The inflation index used in Argentina was a synthetic index with the following characteristics: i) The Internal Wholesale Price Index (IPIM) until December 2016 and ii) after that date, the National Consumer Price Index (IPC). Additionally, due to the lack of national index on November and December 2015, Consumer Price Index of City of Buenos Aires (IPC CABA) was used.

The results and financial position of Argentine subsidiary SMRC Automotive Tech Argentina S.A., whose functional currency is the currency of a hyperinflationary economy, are first restated in accordance with IAS 29 and are then translated into the presentation currency.

All balance sheet items of Argentine subsidiary have been segregated into monetary and non-monetary items. Monetary items are units of currency held, and assets and liabilities to be received or paid, in fixed or determinable number of units of currency. These monetary items are not restated because they are already expressed in terms of the current monetary unit. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, and an entity with an excess of monetary liabilities over monetary assets gains purchasing power, to the extent the assets and liabilities are not linked to a price level. The gain or loss on the net monetary position is included in profit or loss. The effect of inflation on the net monetary position of the Argentine subsidiary for the year ended March 31, 2020 has been a loss of k€ 368 (2019: gain of k€ 503).

Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit) are restated by applying the relevant index. After the IAS 29 restatement of non-monetary assets, it is necessary to consider whether the restated amount of the asset might exceed its recoverable amount. Additionally, the application of IAS 29 results in the creation of temporary differences because while the book value of non-monetary assets is adjusted for inflation but not equivalent adjustment is made for tax purpose; the effect of such a temporary difference is a deferred tax liability.

A.6.2.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets with a finite useful life are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Goodwill is measured as described in note A.6.2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Business, commercial rights and other rights

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is capitalised if it meets the definition of an intangible asset as well as the requirements for recognition as laid down in IAS 38. Costs not eligible for capitalisation are expensed off in the income statement.

The intangible assets are amortised on a straight-line basis over their useful lives, beginning at the time the asset is first used and ending after a length of time usual for the asset in operation. The uniform useful lives applied within the Group are as follows:

Description	*Useful life (in years)*
Concessions, intellectual property, software and similar rights	1-3
Contracts with customers	3-11
Patents & Technologies	5-13

The useful life of customer contracts, engineering contracts as well as technology is the result of the analyses and average useful life of the contracts.
The amortisation methods, the usual useful lives and the residual values are reviewed annually.

A.6.2.5 Property, plant and equipment

A.6.2.5.1 Own assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. When a major replacement is made, its cost is recognised in the carrying amount of the plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

A.6.2.5.2 Leased assets

As explained in note A.6.2.20, from April 01, 2019 the group has changed its accounting policy for leases where the group is the lessee. The new accounting policy and the impact of the change is described in note A.6.2.22.

Until March 31, 2019, leasing agreements in which the Group had essentially assumed all risks and rewards incidental to ownership were classified as finance leases. A property acquired under finance lease was capitalized at the lower of its fair value or the present value of the minimum lease payments at the beginning of the lease period. Asset acquired under finance lease was depreciated over shorter of its useful life and lease term (provided that there is no transfer of the assets at the end of the lease term) or the estimated useful life (see A.6.2.5.3). Impairments were performed as necessary (see A.6.2.7).

If, from an economic perspective, not all risks and rewards have been transferred, leasing agreements were classified as operating leases. Payments made under operating leases were charged to income statement on a straight-line basis over the period of the lease.

A.6.2.5.3 Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Description	*Useful life (in years)*
Buildings	40 – 50

Machinery and other technical facilities	10 -15
Tooling	1-7
Other plant and office equipment	5 – 15

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. No depreciation is charged on land as well as assets under construction. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

A.6.2.6 Investment Properties

Investment properties are stated at cost less accumulated depreciation and impairment. Transaction costs are included on initial measurement. The residual values, useful lives and methods of depreciation of Investment properties are reviewed at each financial year end and adjusted prospectively, if appropriate. The fair values of investment properties are disclosed in the notes. These are assessed using internationally accepted valuation methods. The fair values are calculated based on the income method and are supported by the results of the sales comparison method which compares a subject property's characteristics with those of comparable properties which have recently sold in similar transactions and uses multiples to calculate the fair value. Comparable characteristics that are used for the multiples are the construction level and the specific rent level. Depreciation is provided on investment property other than land, on a straight-line basis over the expected useful life which is 30 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

A.6.2.7 Impairment of non-financial assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

A.6.2.8 Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through OCI (debt instruments)

A financial asset is classified as at the FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b. The asset's contractual cash flows represent SPPI.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income in statement of profit and loss using the EIR method.

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

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

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

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

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

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

Derecognition

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

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

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

As at March 31, 2020, the Group had an amount of € 430 million (March 31, 2019: € 521 million) of receivables derecognised from its balance sheet as the Group had substantially transferred all risks and rewards of ownership of these receivables to various financial institutions.

Impairment

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any forward-looking factors specific to the debtors and the economic environment.

In accordance with IFRS 9, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under IFRS 16 and IAS 17 (as applicable until March 31, 2019)
d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS15
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of IFRS 16 and IAS 17 (as applicable until March 31, 2019)

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability. Debt instruments measured at FVTOCI: For debt instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the 'accumulated impairment amount"

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

A.6.2.8.1 Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure of foreign exchange, viz. foreign exchange forward contracts and cross currency swaps.

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

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

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

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note A.6.6.3. Movements in the hedging reserve in shareholders' equity are shown in A.6.3.16. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability if these are expected to be settled within 12 months of the reporting date, else these are classified as non-current.

Cash flow hedges that qualify for hedge accounting

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

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

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

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

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

Derivatives that do not qualify for hedge accounting

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

A.6.2.9 Inventories

Inventories are initially measured at cost, which comprises those costs directly attributable to the production process and an appropriate share of production overheads based on normal operating capacity. This includes write-downs related to production and a reasonable proportion of the administrative and social security costs. Financing costs are not included in the acquisition or

production costs. Costs for raw materials and supplies are determined using the moving weighted average prices.
Inventories are carried at the lower of the cost or net realisable value at the reporting date. The net realisable value is the estimated selling price that could be achieved in the course of normal business less estimated costs of completion and estimated costs necessary to make the sale.

A.6.2.10 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

A. Revenue from sale of components

Revenue from sale of components is recognised at the point in time when control of the asset is transferred to the customer, which is generally on delivery of the component.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of components provide customers with a customary right of return in case of defects, quality issues etc. The rights of return give rise to variable consideration.

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Warranty obligations
The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

B. Revenue from assembly of components

The Group has contracts with customers to assemble, on their behalf, customised components from various parts procured from suppliers identified by the customer. The Group is acting as an agent in these arrangements.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

C. Revenue from development of tools

The Group develops customised tooling for its customers and recognises its revenue over time using an input method to measure progress towards complete satisfaction of the tool development.

The Group recognises revenue from development of tools over time if it can reasonably measure its progress towards complete satisfaction of the performance obligation.

In cases, where the Group cannot reasonably measure the outcome of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

D. Costs to obtain a contract

Such costs are recognised as an asset if there are future economic benefits associated with such costs. These are amortised systematically to match the benefits and such amortisation is netted off with revenue. Such assets are presented as Unamortised Expenditure in Note A.6.3.7 and classified as current and non-current based on the expected amortisation period. In cases where future economic benefits cannot be determined such costs are expensed off as incurred. Amounts unpaid towards such costs are recorded under other liabilities as "Amounts payable to obtain contracts" in Note A.6.3.15.

E. Judgments applied in determining amount and timing of revenue

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of tooling development

The Group concluded that revenue for development of tooling is to be recognised over time because the Group's performance does not create asset with an alternative use to the Group since the tools are customised for each customer and the Group has an enforceable right to payment for performance completed to date.

The Group determined that the input method is the best method in measuring progress of the tooling development because there is a direct relationship between the Group's effort (i.e., costs incurred) and the transfer of tooling to the customer. The Group recognises revenue on the basis of the total costs incurred relative to the total expected costs to complete the tool.

Principal versus agent considerations
The Group enters into contracts with its customers to assemble, on their behalf, customised components using various parts procured from suppliers identified by the customer. Under these contracts, the Group provides assembly services (i.e., coordinating the procurement of various parts from the identified suppliers and combining or assembling them into components as desired by the customer). The Group determined that it does not control the goods before they are transferred to customers, and it does not have the ability to direct the use of the component or obtain benefits from the component. The following factors indicate that the Group does not control the goods before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group is not primarily responsible for fulfilling the promise to provide the specified equipment.
- The Group does not have inventory risk before or after the specified component has been transferred to the customer as it purchases various parts on just-in-time basis and only upon contract of the customer.
- The Group has no discretion in establishing the price for the specified component. The Group’s consideration in these contracts is only based on the difference between the maximum purchase price quoted by the customer and the cost of various parts purchased from the suppliers.
- In addition, the Group concluded that it transfers control over its services (i.e., assembling the component from various parts), at a point in time, upon receipt by the customer of the component, because this is when the customer benefits from the Group’s agency service.

Consideration of significant financing component in a contract
The Group develops customised tooling and secondary equipment’s for which the manufacturing lead time after signing the contract is usually more than one year. This type of contract includes two payment options for the customer, i.e., payment of the transaction price equal to the cash selling price upon delivery of the tooling, as adjusted by advance(s) received or payment of the transaction price as part of the component’s selling price. The Group concluded that there is a significant financing component for those contracts where the customer elects to pay along with the component’s selling price considering the length of time between the transfer of tooling and secondary equipment and the recovery of transaction price from the customer, as well as the prevailing interest rates in the market.

In determining the interest to be applied to the amount of consideration, the Group concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception.

A.6.2.11 Contract Balances

Trade Receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year or within the normal operating cycle and therefore are all classified as current. Where the settlement is due after one year or after the normal operating cycle, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the

trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are disclosed in Note A.6.3.7.

For information about the impairment of trade receivables, refer Note A.6.3.8.

Contract Assets
A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as trade receivables. The Group's contract assets are disclosed in Note A.6.3.7 as Unbilled Receivables.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Contract Liabilities are disclosed in Note A.6.3.15 as Advances received from customers.

Impairment

An impairment is recognised to the extent that the carrying amount of a receivable or asset relating to contracts with customers:

(a) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which such asset relates; less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

A.6.2.12 Cash and cash equivalents

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

A.6.2.13 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current taxes are those taxes foreseeably payable on a year's taxable income in accordance with the statutory tax rates or tax rates that had been substantially adopted as of the reporting date, as well as all adjustments to payable taxes in relation to previous reporting periods. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, the Group recognises a liability if it assesses that its tax positions may be challenged by the authorities and are more likely than not to result in an outflow of taxes, such liabilities are recorded as current tax liabilities in the financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amount as per IFRS and the relevant tax assessment basis.

Deferred tax liabilities are not recognised when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax liabilities are not recognised for temporary differences ("outside-basis differences") if the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities for dividends from subsidiaries will be recognised if the parent company determines that the profits of the respective subsidiary will be distributed in the foreseeable future. Deferred tax assets contain tax assets that are derived from the expected utilization of unused tax losses and unused tax credits, unless it is improbable that the future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred taxes are calculated on the basis of the tax rates that are expected to apply to the period when the asset is realized and the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period in the respective country.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

A.6.2.14 Provisions

A.6.2.14.1 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

In some countries, the group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

Pension obligations

Companies within the Group operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. The Group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance costs in the income statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

When a settlement or a curtailment occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The value of a net pension benefit asset is restricted to the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions after considering any legal or contractual minimum funding requirements. The minimum funding requirements stipulate a minimum amount or level of contributions that must be made to a plan over a given period and may limit the ability of the entity to reduce future contributions and considered respectively in determining the economic benefit from the plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A.6.2.14.2 Warranties

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns although it is expected that most of these costs will be paid out in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

A.6.2.14.3 Provision for onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Group at the end of every reporting period conducts the onerous contract test per the provisions of IAS 37 by comparing the remaining costs to be incurred under the contract with the related revenue of the contract. Where the costs of a contract increase the related revenue of the contract, the Group makes a provision for the difference.

A.6.2.14.4 Other provisions

Provisions are recognised to accommodate the possibility that current legal or constructive obligations against third parties resulting from a past event exist, and that it is probable that an outflow of economic benefits will be required to settle the obligation, and that the amount of these obligations can be estimated reliably.

Long-term provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Short term provisions are carried at their redemption value and are not offset against receivables from reimbursements.

A.6.2.15 Government Grants and grants from public institutions

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to the acquisition costs of the respective fixed asset and thus are released as income over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate as the conditions attached to the grants are met.

Grants from public institutions are accounted for in a manner similar to the accounting for government grants, if the grants are comparable to government grants in their nature and the conditions related to these grants are satisfied.

A.6.2.16 Liabilities from lease

As explained in note A.6.2.20, from April 01, 2019 the group has changed its accounting policy for leases where the group is the lessee. The new accounting policy and the impact of the change is described in note A.6.2.22.

Until March 31, 2019, liabilities from lease were initially carried at equal to the fair value of leased property, or if lower, the present value of lease payments. The lease payments were then separated into financing costs and the redemption of the remaining liability.

A.6.2.17 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest 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 capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities based on the contractual maturity unless the group expects and has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

A.6.2.18 Recognition of income and expenses

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

Interest is recognised using the effective interest method as an expense or income for the period in which it occurs. Interest payments for lease liabilities are calculated by breaking down the lease payments into financing costs and redemption payments for the remainder of the liability and spreading the financing costs over the periods covered by the term of the leasing agreement. This allows a constant, periodic interest rate for the remainder of the liability to be calculated. Until 31st March 2019 payments from operating leases are recognised over the term of the leasing agreement using a straight-line distribution in the income statement.

Rental income arising from investment properties given under operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss.

Rental income is recognised over the period for which the investment property is given on rent.

Dividend income is recognised when the right to receive payment is established.

Royalty income is recognized in Other operating income on an accrual basis in accordance with the substance of the relevant agreements.

A.6.2.19 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The management and supervisory board of The Group assesses financial performance and position of the Group and makes strategic decisions. The management and supervisory board which consists of chief executive officer, chief operating officer and head of strategy has been identified as chief operating decision maker.

A.6.2.20 Leases

The group leases land, buildings, offices, vehicles, IT & other equipment. Contracts may contain both lease and non-lease components. The group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until March 31, 2019, leases were classified as either finance leases or operating leases, see note A.6.2.5.2 and A.6.2.16 for details. From April 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Such costs are included in finance costs in the statement of profit and loss.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- adjusted for any remeasurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The right-of-use buildings held by the group are not revalued.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

A.6.2.21 Current versus non-current classification

The group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

A.6.2.22 Changes in accounting policies and disclosures

The IASB has adopted the following changes to existing IFRS and adopted new IFRS standards, which have also already been adopted by the European Commission, thereby making their application mandatory as for Financial Year 2019-20 to the extent relevant for the Group.

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

The impact of the adoption of IFRS 16 and the new accounting policies are disclosed below. The other standards and changes did not have any impact on the group's accounting policies and did not require retrospective adjustments.

New standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2020 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Adoption of IFRS 16
In January 2016, the IASB published IFRS 16 Leases, replacing IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease and other interpretations. IFRS 16 abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, IFRS 16 introduces a single lessee accounting model, requiring lessees to recognize assets for the right to use as well as leasing liabilities for the outstanding lease payments. This means that leases that were previously not reported in the Statement of Financial Position will have to be reported in the future – very similar to the current accounting of finance leases.

According to IFRS 16, a lessee may elect, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The lease payments associated with those leases are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

Right-of-use assets, which are separately shown in the financial statement , are measured at cost less any accumulated depreciation and if necessary any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities which separately shown in the financial statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made.

Lease accounting for lessors has been taken over almost identically from IAS 17 into IFRS 16.

The Group has adopted the standard from April 1, 2019 without restating comparative amounts for the March 2019 as permitted by the modified retrospective approach.

The Group as lessee uses the following practical expedients of IFRS 16 at the date of initial application:

- With leases previously classified as operating leases according to IAS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 1, 2019. The respective right-of-use asset is generally recognized at an amount equal to the lease liability.

- An impairment review is not performed. Instead, a right-of-use asset is adjusted by the amount of any provision for onerous leases recognized in the Statement of Financial Position at March 31, 2019.
- Regardless of their original lease term, leases for which the lease term ends at the latest on March 31, 2020 were recognized as short-term leases.
- At the date of initial application, the measurement of a right-of-use asset excludes the initial direct costs.
- Current knowledge is given due consideration when determining the lease term if the contract contains options to extend or terminate the lease.

Key assumptions that the Group is applying for implementing the standard are as follows:

Terms: for each contract, the Group reviewed the renewal and the early termination options within the term of the arrangement and determined, after taking into account all the relevant facts and circumstances, what would be the date at which the Group reasonably expects the contract to be terminated. For certain categories of leased assets, (mainly vehicles), the Group assesses that there is no reasonably certain extension option, consequently the duration selected coincides with the first term of the lease contract. For real estate lease arrangements, the Group defines the reasonable end date of the contracts, while taking into account the renewal and early termination options stated in the agreements, in line with the asset's expected period of use.

Discount rates: the Group determined discount rates reflecting each subsidiary's specific credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability. For the transition the incremental borrowing rate used is the rate applicable to the residual terms of the contracts.
For contracts previously classified as finance leases the Group has recognised the carrying amount of the right of use assets and lease liability at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Land and buildings	Machinery and other technical facilities	Vehicles	IT & Office equipment	Total
Cost					
Recognised as at April 01, 2019 on account of adoption of IFRS 16	**80,127**	**12,224**	**8,920**	**3,969**	**105,240**
Reclassified from Property, Plant and Equipment	9,603	5,431	17	252	15,303
Opening balance of Onerous contracts reclassified on adoption of IFRS 16	(2,042)	-	-	-	(2,042)
Opening balance of Lease equalisation reserve reclassified on adoption of IFRS 16	(1,608)	-	-	-	(1,608)
At April 01, 2019	**86,080**	**17,655**	**8,937**	**4,221**	**116,893**

Following lease liabilities were recognised :

	April 01, 2019
Recognised as at April 01, 2019 on account of adoption of IFRS 16	**105,240**
Reclassified from borrowings	3,516
Lease liabilities	**108,756**

As at the transition date April 01, 2019 following impacts were recognised in financial position on account of recognition of right of use assets, lease liabilities and reclassification of existing finance lease assets and liabilities as well as prepaid rent and lease equalisation reserve:

	March 31, 2019	April 01, 2019	Change
Property, plant & equipment	1,506,339	1,491,036	15,303
Right of Use asset	-	116,893	(116,893)
Other receivables and assets (current and non-current)	738,929	738,173	756
Borrowings (current and non-current)	1,152,942	1,149,426	3,516
Lease Liabilities	-	108,756	(108,756)
Other Liabilities (current and non-current)	440,284	435,878	4,406

For the year ended March 31, 2020, following amounts were recognised in the consolidated income statement in relation to lease contracts under IFRS 16:

	March 31, 2020
Interest expense on lease liabilities (included in finance cost)	4,501
Depreciation of Right of Use assets	32,709
Lease expense derecognized	32,611
Other items included in profit or loss	
Rent expense : short-term leases	30,877
Rent expense : leases of low value	34

As at March 31, 2019, the Group had minimum lease payment commitment under non-cancellable operating leases of k€ 114,859. Pursuant to adoption of IFRS 16, lease liabilities k€105,240 were recognised on April 01, 2019, the transition date. The difference between the operating lease commitments under IAS 17 and lease liabilities recognised under IFRS 16 is largely due to discounting of lease commitments and adoption of practical expedients on exclusion of short-term leases and leases of low-value and other adjustments due to reassessment of terms of the contracts. The Group's lease portfolio consist of multiple leases across various geographies and also there are differences in incremental borrowing rates per geography, so determination of weighted average incremental borrowing rate is not practicable.

A.6.3 Disclosures regarding the Consolidated Statement of Financial Position

A.6.3.1 Business Combination

a) Acquisition of Re-Time Pty Limited

On August 08, 2019 the Group acquired 71.4% stake in Re-Time Pty Limited.

Re-Time Pty Ltd was formed in 2010 to help people re-time their body clocks and improve sleep through Re-Timer light therapy glasses. The company is dedicated to helping people sleep, and to feel and perform better by using the latest sleep science. Re-Timer is assembled in a state of the art clean room, in Adelaide, Australia. Re-Timer has been sold in more than 40 different countries worldwide and is the world's number one selling wearable light therapy device.

The acquisition enhances Group's diversification into health sector.

The following table summarises the recognised amounts of identifiable assets and liabilities assumed at the date of acquisition.

Particulars	Amount (€000s)
Total consideration transferred	254
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	138
Intangible assets	38
Trade receivables and other assets	5
Inventories	134
Cash and cash equivalents	160
Borrowings (current and non-current)	(64)
Employee benefit obligations	(9)
Provisions (current and non-current)	(18)
Trade payables	(29)
Total identifiable net assets	**355**
- thereof attributable to non-controlling interests	101
Total identifiable net assets atributable to the Group	**254**
Excess of acquirer's interest in the fair value of acquirer's identifiable net assets	-
Total	**254**

Other information –

(i) Revenue and profit contribution

The acquired business contributed revenues of k€ 147 and net profit of k€ (102) to the group for the period since acquisition to March 31, 2020.

b) Acquisition of Reydel Automotive Group

On August 02, 2018 the Group acquired 100% stake in Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V. (jointly Reydel Automotive Group).

Reydel Automotive Group is a leading global developer and supplier of interior components to the global automotive manufacturers. Reydel's Interiors Product Portfolio includes Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit Modules. Reydel Automotive Group has been subsequently renamed as "Samvardhana Motherson Reydel Companies". (hereinafter referred to as "SMRC").

The acquisition enhances Group's diversification across customer portfolio and geographical footprint.

The following table summarises the recognised amounts of identifiable assets and liabilities assumed at the date of acquisition.

Particulars	Amount (€000s)
Total consideration transferred in cash (USD 200.40 million)	173,019
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	155,659
Intangible assets	20,229
Other financial instruments (current and non-current)	769
Trade receivables and other assets	23,692
Deferred tax assets	6,127
Inventories	21,075
Trade receivables	139,612
Current tax assets	2,209
Other receivables	63,991
Cash and cash equivalents	82,308
Borrowings (current and non-current)	(43,889)
Employee benefit obligations	(15,656)
Provisions (current and non-current)	(14,281)
Other financial instrument	(7)
Other liabilities (current and non-current)	(58,879)
Deferred tax liabilities	(15,521)
Trade payables	(160,584)
Current tax liabilities	(7,476)
Total identifiable net assets	**199,378**
- thereof attributable to non-controlling interests at subsidiaries	14,181
Total identifiable net assets attributable to the Group	**185,197**
Excess of Group's interest in the fair value of acquirer's identifiable net assets	12,178
Total	**173,019**

During the last year the Group has recognised gain on bargain purchase of k€ 12,178 being excess of fair value of identifiable net assets assumed on acquisition over the purchase consideration. The gain has been recognised in the income statement for the year under "Other Operating Income" (refer note A.6.4.3).

Gain on bargain purchase resulted from combination of SMRP BV's unique position to complement Reydel's business portfolio, its potential ability to manage and grow the business through synergies and a limited number of potential buyers which gave us sufficient purchasing power to achieve a beneficial transaction.

A.6.3.2 Property, plant and equipment

	Land and buildings	Machinery and other technical facilities	Tooling	Other plant and office equipment	Capital work-in progress (including capital advances)	Total
Cost						
At April 1, 2018	**469,119**	**883,299**	**41,068**	**94,871**	**297,597**	**1,785,954**
Additions	19,656	82,523	844	33,997	107,164	244,184
Acquisition through business combinations	42,474	94,776	544	5,350	12,516	155,660
Disposals	(1,065)	(23,356)	(3,358)	(3,729)	(386)	(31,894)
Hyperinflationary adjustment	1,128	1,757	26	70	116	3,097
Transfers	102,684	184,001	8,882	18,296	(315,353)	(1,490)
Foreign currency translation	9,702	23,086	1,110	2,363	11,922	48,183
At March 31, 2019	**643,698**	**1,246,086**	**49,116**	**151,218**	**113,576**	**2,203,694**
Depreciation and Impairment						
At April 1, 2018	**74,999**	**399,393**	**27,891**	**56,962**	**-**	**559,245**
Depreciation charge for the period	20,412	110,184	4,766	18,756	-	154,118
Disposals	(281)	(19,805)	(901)	(3,584)	-	(24,571)
Hyperinflationary adjustment	160	800	29	23	-	1,012
Transfers	(178)	(558)	(116)	887	-	35
Foreign currency translation	181	5,917	784	741	(107)	7,516
At March 31, 2019	**95,293**	**495,931**	**32,453**	**73,785**	**(107)**	**697,355**
Net book values at March 31, 2019	**548,405**	**750,155**	**16,663**	**77,433**	**113,683**	**1,506,339**
Cost						
At April 1, 2019	**643,698**	**1,246,086**	**49,116**	**151,218**	**113,576**	**2,203,694**
Reclassified to Right of use Assets	(11,836)	(12,390)	-	(580)	-	(24,806)
Additions	16,616	51,343	(2,336)	20,538	76,156	162,317
Acquisition through business combinations	-	-	138	-	-	138
Disposals	(399)	(14,236)	(2,254)	(3,468)	(895)	(21,252)
Hyperinflationary adjustment	1,100	2,636	38	132	(102)	3,804
Transfers	18,554	83,092	6,013	8,804	(111,967)	4,496
Foreign currency translation	(8,004)	(19,632)	(3,158)	(2,744)	(1,405)	(34,943)
At March 31, 2020	**659,729**	**1,336,899**	**47,557**	**173,900**	**75,363**	**2,293,448**
Depreciation and Impairment						
At April 1, 2019	**95,293**	**495,931**	**32,453**	**73,785**	**(107)**	**697,355**
Reclassified to Right of use Assets	(2,236)	(6,957)	-	(310)	-	(9,503)
Depreciation charge for the period	25,008	129,023	4,496	25,123	-	183,650
Impairment	-	5,553	-	-	-	5,553
Disposals	(168)	(14,960)	(566)	(3,175)	-	(18,869)
Hyperinflationary adjustment	158	278	3	108	(228)	319
Transfers	(40)	904	1,056	(286)	-	1,634
Foreign currency translation	(2,416)	(13,403)	(2,686)	(2,208)		(20,713)
At March 31, 2020	**115,599**	**596,369**	**34,756**	**93,037**	**(335)**	**839,426**
Net book values at March 31, 2020	**544,130**	**740,530**	**12,801**	**80,863**	**75,698**	**1,454,022**

As at March 31, 2020, property, plant and equipment with a net book value of k€ 780,967 (March 31, 2019: k€ 742,541) were subject to security for borrowings. (see note A.6.3.11).

During the year, the Group has capitalised borrowing costs amounting to k€ Nil (March 31, 2019: k€ 2,320) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of Nil (March 31, 2019 : 3.43%).

The recorded values of property, plant and equipment as at March 31, 2020 comprises of approximately €300 million in respect of the greenfield locations. These amounts have primarily been allocated to the company's cash generating units ('CGU') that align with the operating segments (SMP, SMR and others). Based on the Greenfield's five years forecast, management determined the Value-In-Use ('VIU') of the CGUs and no impairment was deemed necessary as at March 31, 2020.

During the year ended March 31, 2020 the Group recognised an impairment loss of k€ 5,553 in respect of two of its subsidiaries.

An impairment loss of k€ 4,853 was recognised in respect of SMP Automotive Produtos Automotivos do Brasil Ltda (forming part of SMP segment). The impairment assessment was triggered due to weak financial performance mainly due to slow down in Brazil automobile market coupled with high inflation and exchange rate increase. The management prepared an impairment analysis using discounted cash flow projections based on financial forecasts approved by management covering a two-year period to calculate the value in use of the CGU. The analysis was prepared using discount rate of 8.5%, reflecting specific risks related to Brazil, to discount the future cash flows.

The Group recorded further impairment of k€700 in respect of subsidiary SMR Automotive Systems France S. A. (forming part of SMR segment). The impairment was triggered due to weak financial performance.

The impairment losses are included under 'Depreciation and amortisation' in the Income Statement under Note A.6.4.5.

The forecasts include future projected revenues, cost reductions and other capital expenditures, which are based on past experiences and expectations about the future.

Estimates relating to the future are inherently uncertain and actuals may differ as a result.

For details on outstanding commitments related to purchase of property, plant and equipment, kindly refer note A.6.6.2.

A.6.3.3 Right of use Assets

Finance lease as at March 31, 2020	Land and buildings	Machinery and other technical facilities	Vehicles	IT & Office equipment	Total
Cost					
Recognised as at April 01, 2019 on account of adoption of IFRS 16	**80,127**	**12,224**	**8,920**	**3,969**	**105,240**
Reclassified from Property, Plant and Equipment	9,600	5,433	18	252	15,303
Opening balance of Onerous contracts reclassified on adoption of IFRS 16	(2,042)	-	-	-	(2,042)
Opening balance of Lease equalisation reserve reclassified on adoption of IFRS 16	(1,608)	-	-	-	(1,608)
Additions	19,039	7,070	3,576	993	30,678
Disposals	(867)	(439)	(110)	(88)	(1,504)
Transfer	(3,588)	-	-	-	(3,588)
Exchange differences	(1,633)	(528)	(123)	(33)	(2,317)
At March 31, 2020	**99,028**	**23,760**	**12,281**	**5,093**	**140,162**
Depreciation					
At 1 April 2019	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the period	18,620	7,185	5,105	1,799	32,709
Disposals	(60)	(127)	(66)	(94)	(347)
Transfer	-	-	37	-	37
Foreign currency translation	(118)	(317)	(10)	(11)	(456)
At 31 March 2020	**18,442**	**6,741**	**5,066**	**1,694**	**31,943**
At March 31, 2020	**80,586**	**17,019**	**7,215**	**3,399**	**108,219**

The following table presents the movement of the carrying amounts of the finance lease assets reported in property, plant and equipment as per IAS 17 till 31 March 2019:

	Land and buildings	Machinery & other technical facilities	Other plant and office equipment	Total
Cost				
At April 01, 2018	**10,961**	**11,766**	**576**	**23,303**
Additions	-	665	123	788
Disposals	-	(255)	-	(255)
Transfers	582	(16)	(137)	429
Foreign currency translation	293	230	18	541
At March 31, 2019	**11,836**	**12,390**	**580**	**24,806**
Depreciation and Impairment				
At April 01, 2018	**2,428**	**5,156**	**334**	**7,918**
Depreciation charge for the period	317	1,871	101	2,289
Disposals	-	(174)	-	(174)
Transfers	(576)	(16)	(137)	(729)
Foreign currency translation	67	120	12	199
At March 31, 2019	**2,236**	**6,957**	**310**	**9,503**
Net book values at March 31, 2019	**9,600**	**5,433**	**270**	**15,303**

A.6.3.4 Intangible assets

	Concessions, Intellectual Property, Software and Similar rights	Patents & Technology	Customer Contracts	Goodwill	Advance payment	Total
Cost						
At April 1, 2018	**28,150**	**27,490**	**30,305**	**3,204**	**1,898**	**91,047**
Additions	9,167	-	-	-	1,472	10,639
Acquisition through business combinations	20,229	-	-	-	-	20,229
Disposals	(1,321)	-	-	-	-	(1,321)
Transfers	1,134	-	415	-	(130)	1,419
Foreign currency translation	386	-	149	-	-	535
At March 31, 2019	**57,745**	**27,490**	**30,869**	**3,204**	**3,240**	**122,548**
Amortisation						
At April 1, 2018	**20,324**	**23,559**	**20,492**	**-**	**-**	**64,375**
Amortisation charge	8,212	1,454	4,200	-	-	13,866
Disposals	(1,319)	-	-	-	-	(1,319)
Transfers	(50)	-	-	-	-	(50)
Foreign currency translation	124	-	119	-	-	243
At March 31, 2019	**27,291**	**25,013**	**24,811**	**-**	**-**	**77,115**
Net book value March 31, 2019	**30,454**	**2,477**	**6,058**	**3,204**	**3,240**	**45,433**
Cost						
At April 1, 2019	**57,745**	**27,490**	**30,869**	**3,204**	**3,240**	**122,548**
Additions	9,831	-	456	-	2,900	13,187
Acquisition through business combinations	38	-	-	-	-	38
Disposals	(328)	-	-	-	-	(328)
Hyperinflationary adjustment	12	-	-	-	-	12
Transfers	(11,881)	-	13,277	-	(355)	1,041
Foreign currency translation	(554)	-	(36)	-	-	(590)
At March 31, 2020	**54,863**	**27,490**	**44,566**	**3,204**	**5,785**	**135,908**
Amortisation						
At April 1, 2019	**27,291**	**25,013**	**24,811**	**-**	**-**	**77,115**
Amortisation charge	8,414	617	5,801	-	-	14,832
Disposals	(283)	-	-	-	-	(283)
Transfers	316	-	-	-	-	316
Hyperinflationary adjustment	(1,492)	-	1,475	-	-	(17)
Foreign currency translation	(268)	-	(28)	-	-	(296)
At March 31, 2020	**33,978**	**25,630**	**32,059**			**91,667**
Net book value March 31, 2020	**20,885**	**1,860**	**12,507**	**3,204**	**5,785**	**44,241**

Research and development expenses amounting to k€ 167,574 (March 31, 2019: k€ 144,220) have been expensed off in the income statement.

As at March 31, 2020, intangible assets with a net book value of k€ 8,856 (March 31, 2019: k€ 8,266) were subject to security for bank borrowings.

The Group tests goodwill for impairment on an annual basis. The goodwill has been evaluated based on the cashflow forecasts of the related cash generating units (CGUs) and the recoverable amounts of these CGUs exceeded their carrying amounts. The estimated value in use of cash generating units (CGU) is based on the future cash flows using annual growth rate of upto 4% for periods subsequent to the forecast period of 5 years and weighted average cost of capital between 5% to 15%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount. The discount rate was estimated based on past experience and company's average weighted average cost of capital. The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external factors.

A.6.3.5 Investment properties

	March 31, 2020	March 31, 2019
Cost		
At beginning of the year	14,678	14,678
Reclassifications from property, plant & equipment	-	-
At end of the year	**14,678**	**14,678**
Depreciation and Impairment		
At beginning of the year	3,275	2,950
Reclassifications from property, plant & equipment	-	-
Depreciation charge	326	325
At end of the year	**3,601**	**3,275**
Net book value	**11,077**	**11,403**

The investment properties comprise a number of commercial properties that are leased to third parties. The leases contain an initial non-cancellable period of 5 years and subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The fair value of investment properties as on March 31, 2020 was k€ 14,621(2019: k€ 14,662) which was determined based on valuations performed by an accredited independent valuer and falls in the Level 3 of financial instruments valuation hierarchy.

At the year end, the future minimum lease payments under non-cancellable lease receivable are as follows:

	March 31, 2020	March 31, 2019
Not later than one year	1,112	1,110
Later than one year and not later than five years	4,234	4,396
Total	**5,346**	**5,506**

During the year, following amounts were recognised in the income statement in respect of investment properties:

	March 31, 2020	March 31, 2019
Rental income from rented properties, all leased under operating leases	1,106	1,079
Other operating income	-	-
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	(491)	(646)
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generated rental income during the period	(51)	(7)
Net rental income from rented properties	**564**	**426**

A.6.3.6 Investments accounted for using the equity method

	March 31, 2020	March 31, 2019
Joint ventures	31,958	33,448
Associates	-	86
Total	**31,958**	**33,534**

During the year ended March 31 2020, the group acquired further share in its associate Re-Time Pty Limited, and as a result thereof Re-Time Pty Ltd. is now consolidated as subsidiary of the group w.e.f. August 08 2019. Please refer note A.6.3.1 for detail.

a) Joint ventures accounted for using the equity method

The Group's interest in following entities is accounted for using the equity method in the consolidated financial statements. There is no quoted market price for these investments.

Name of the entity	March 31, 2020	March 31, 2019
Ningbo SMR Huaxiang Automotive Mirrors Co., Ltd (Ningbo) (including Chongqing SMR Huaxiang automotive Products Ltd)	28,755	28,184
Eissmann SMP Automotive Interieur Slovensko s.r.o. (Eissmann)	3,203	5,264
Total	**31,958**	**33,448**

Summarised financial information of the joint ventures, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	Amount
At March 31, 2018	**28,200**
Share of the profits	7,047
Addition	72
Exchange differences	582
Dividends received	(2,453)
At March 31, 2019	**33,448**
Share of the profits	3,399
Addition	-
Exchange differences	(1,012)
Dividends received	(3,877)
At March 31, 2020	**31,958**

Summarised financial information of joint ventures

	March 31, 2020		March 31, 2019	
	Ningbo	Eissmann	Ningbo	Eissmann
Percentage ownership interest	50%	49%	50%	49%
Balance Sheet				
Non-current assets	29,910	9,208	33,515	11,298
Cash and cash equivalents	23,252	2,236	14,073	26
Current assets	50,482	8,005	63,504	7,803
Gross assets	**103,644**	**19,449**	**111,092**	**19,127**
Current financial liabilities (excluding trade payable and other provisions)	1,498	-	3,345	1,925
Other Current liabilities	44,245	12,984	51,340	6,486
Non-Current financial liabilities (excluding trade	-	-	-	-
Other Non-current liabilities	391	74	42	118
Gross liabilities	**46,134**	**13,058**	**54,727**	**8,529**
Net assets	**57,510**	**6,391**	**56,365**	**10,598**
Reconciliation to carrying amounts:				
Opening net assets	56,368	10,598	45,297	10,979
Profit for the period	10,920	(4,207)	14,468	(381)
Other comprehensive income	-	-	-	-
Exchange Differences	(2,025)	-	1,510	-
Dividends paid	(7,753)	-	(4,907)	-
Closing net assets	**57,510**	**6,391**	**56,368**	**10,598**
Group share in %	**50%**	**49%**	**50%**	**49%**
Group's share in Euro 000s	28,755	3,132	28,184	5,193
Other Adjustments	-	71	-	71
Carrying amount	**28,755**	**3,203**	**28,184**	**5,264**
Summarised income statement				
Results				
Revenue	166,406	43,070	164,714	42,993
Interest income	222	-	153	-
Depreciation and amortisation	(4,976)	(2,066)	(4,886)	(1,842)
Interest expense	(54)	-	18	-
Income tax expense/ income	(1,517)	-	(2,096)	-
Other expenses	(149,162)	(45,211)	(143,435)	(41,532)
Profit for the period	**10,919**	**(4,207)**	**14,468**	**(381)**
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**10,919**	**(4,207)**	**14,468**	**(381)**

As at the year end, the Group had no contractual commitment to provide further capital in relation to its joint ventures and there are no restrictions on the ability of the joint ventures to transfer funds to the Group. Also, there are no contingent liabilities incurred relating to the Group's interest in joint ventures.

b) Associates accounted for using the equity method

Re-Time Pty Ltd. Is a technology company which owns certain intellectual property rights through which it designed, developed and commercialised Re-Timer glasses, these glasses intend to reset internal body clock and help overcome jet lag without drug use.
Reconciliation of Group's interest in Re-Time is as below –

	March 31, 2020	March 31, 2019
Opening investment	86	43
Share of the profits	(64)	29
Exchange differences	-	14
Changes in scope of consolidation	(22)	-
Closing investment	**-**	**86**

During the year ended March 31 2020, the group acquired further share in its associate Re-Time Pty Limited, and as a result thereof Re-Time Pty Ltd. is now consolidated as subsidiary of the group w.e.f. August 08 2019. Please refer note A.6.3.1 for detail.

A.6.3.7 Receivables and other assets

Non-current

Trade receivables	March 31, 2020	March 31, 2019
Trade receivables (i)	167,986	149,943
Total	**167,986**	**149,943**

Other receivables and assets	March 31, 2020	March 31, 2019
Unamortised expenditure (ii)	105,794	83,360
Others	28,689	42,922
Total	**134,483**	**126,282**

Current

Trade receivables	March 31, 2020	March 31, 2019
Trade receivables (iii)	326,554	460,250
Total	**326,554**	**460,250**

Other receivables and assets	March 31, 2020	March 31, 2019
Unbilled receivables (iv)	327,230	470,855
Other tax receivables	48,097	63,139
Advanced payments	21,459	38,691
Prepaid expenses	17,192	12,711
Deposits	3,679	4,590
Supplier bonus	2,654	3,013
Receivables from related parties	148	793
Unamortised expenditure (ii)	5,836	4,702
Other	19,156	14,153
Total	**445,451**	**612,647**

(i) The carrying amount of the non-current trade receivables as at March 31, 2020 is calculated using discount rates of 0.5%-2.6% (March 31, 2019: 0.5%-3.5%)

(ii) The table below represents movement in unamortised expenditure (current and non-current) :

	March 31, 2020	March 31, 2019
Opening balance	88,062	38,483
Additions during the year	40,598	54,490
Amortised during the year	(14,405)	(4,911)
Impairment losses	(844)	-
Reversal	(44)	-
Forex difference	(1,737)	-
Closing balance	**111,630**	**88,062**

(iii) Trade receivables as at March 31, 2020 were reported after deducting impairments amounting to k€ 8,970 (March 31, 2019: k€ 9,464). The impairments are reported in the income statement under the item “Other operating expenses”.

(iv) The table below represents summary of contract assets and liabilities relating to contracts with customers :

	March 31, 2020	March 31, 2019
Receivables	494,540	610,193
Contract assets	327,230	470,855
Contract liabilities	10,837	6,028

Contract assets are initially recognised for revenue earned from development of tools and secondary equipment as receipt of consideration is conditional on successful completion and acceptance by the customer. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The expected credit loss on contract assets is considered very low and hence no provision for credit loss is recorded in respect of contract assets.

(v) The carrying values approximately correspond to the fair values.

A.6.3.8 Other financial instruments

	March 31, 2020		March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Cross currency swaps	7,328	-	2,087	5,422
Total	**7,328**	**-**	**2,087**	**5,422**
Current				
Forward contracts	524	16,251	4,163	140
Cross currency swaps	3,846	-	739	-
Total	**4,370**	**16,251**	**4,902**	**140**

The maximum exposure to the credit risk is carrying value of instruments. Please refer note A.6.6.3 for details on forward contracts and cross currency swaps.

A.6.3.9 Inventories

Inventories comprise the following:

	March 31, 2020	March 31, 2019
Raw materials and manufacturing supplies	201,673	174,807
Work in progress	35,507	36,983
Finished goods and goods for trading	54,177	50,903
Total	**291,357**	**262,693**

During the year, inventories of k€ 2,522 (March 31, 2019: k€ 3,491) were written down. The amounts of the write-down are calculated based on an analysis of various factors. The most important factors included in this analysis are: aging of inventories, current market conditions, physical obsolescence and turnover of individual items. During the year, the Group recognised reversal of write-down amounting to k€ 807 (March 31, 2019: k€ 1,385) as the related goods were sold during the year at prices equal to or above the cost. The amount of such write-down and reversals of write-down are recognised as “Cost of materials” in the statement of profit and loss.

As at March 31, 2020, inventories amounting to k€ 131,618 (March 31, 2019: k€ 121,696) were pledged as security for various bank borrowings. (see note A.6.3.11).

A.6.3.10 Cash and cash equivalents

	March 31, 2020	March 31, 2019
Cash at bank	414,129	310,754
Cash on hand	94	97
Total	**414,223**	**310,851**

As of March 31, 2020, cash and cash equivalents of k€ 275,862 (March 31, 2019: k€ 183,513) are charged as security in respect of borrowings, please refer note A.6.3.11 for further details.

A.6.3.11 Borrowings

	March 31, 2020	March 31, 2019
Non-current		
Notes	755,384	747,029
Bank loans	57,079	63,125
Finance lease liabilities	-	2,162
Loan from related parties	150,000	150,000
Other loans	4,074	4,925
Non-current borrowings	**966,537**	**967,241**
Current		
Bank loans	141,537	183,438
Finance lease liabilities	-	1,354
Loan from related parties	1,623	-
Other loans	909	908
Current borrowings	**144,069**	**185,700**

(i) Secured liabilities and assets pledged as security

a) Notes

The Notes are structured as senior secured obligations and rank 'pari passu' in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility. The Notes are guaranteed on a senior secured basis by certain subsidiaries of SMRP BV and are secured by share pledge and security interests granted over certain property and assets of SMRP BV and certain of its subsidiaries. As of March 31, 2020, the Company has issued below mentioned notes which were outstanding on the date referred –

Principal amount	Coupon rate (fixed)	Maturity
€ 100 million	3.70%	18 June 2025
US$ 400 million	4.875%	16 December 2021
€ 300 million	1.80%	06 July 2024

b) Bank Loans

During the year ended March 31, 2019, the Group entered into a term loan facility agreement for US$ 60 million for a period of 59 months maturing August 2023. The term loan is senior secured obligation and rank 'pari passu' in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility and the Notes and carry the same security structure as existing Notes and Revolving Credit Facility. This facility was fully utilised as of March 31, 2020.

Other borrowings from banks also includes utilisations under the Revolving Credit Facility Agreement and are secured as mentioned above.

c) Finance Lease liabilities

Pursuant to adoption of IFRS 16, finance lease liabilities as of March 2019 have been reclassified to lease liabilities as disclosed under note A.6.3.12

d) Loan from related parties

Loans from related parties represents unsecured loan amounting to Euro 150 million obtained from one of the shareholders, Samvardhana Motherson Global Holdings Ltd., Cyprus (SMGHL) at an interest rate of 5.13% p.a. (reduced from 5.99% p.a. on account of transfer pricing analysis) and maturing on 19th June 2026.

Besides notes and term loans, secured loans from banks and others amount to k€ 114,127 (March 31, 2019 k€ 166,662). These borrowings are secured by pledge of various assets mainly comprising of inventories, trade receivables, cash and cash equivalents etc. of certain subsidiaries. Total unsecured borrowings as of March 31, 2020 were k€ 177,258 (March 31, 2019 : k€ 181,648).

For contractual cash flows to bank and finance lease liabilities see note A.6.6.3.

The Group has financial covenants requirements (see note A.6.6.3), which all have been met.

(ii) Fair value

Except for Notes, the fair values of other borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current borrowing rates or the borrowings are of a short-term nature. For Notes, fair values are as below –

	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
€ 100 million	98,721	86,583	98,473	92,504
US$ 400 million	361,513	344,637	354,685	357,356
€ 300 million	295,150	238,584	293,871	264,237

Fair values of the notes represent traded value on Irish Stock Exchange where these notes are listed and they are classified as below. Euro 100 million notes are held by a limited set of investors and are not very actively traded on the stock exchange, as a result the quoted prices may not reflect fair value under an active market and hence fall in Level 3 hierarchy.

As at March 31, 2020	Level 1	Level 2	Level 3
€ 100 million	-	-	86,583
US$ 400 million	344,637	-	-
€ 300 million	238,584	-	-

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

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Net debt reconciliation

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

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Cash and cash equivalents	A.6.3.10	414,223	310,851
Borrowings – repayable within one year	A.6.3.11	144,069	185,700
Borrowings – repayable after one year	A.6.3.11	966,537	967,241
Net Debt		**696,383**	**842,090**

	Cash and Cash equivalents	Finance leases	Other Borrowings	Total
Net Debt as at March 31, 2018	**215,640**	**5,407**	**858,659**	**648,426**
Cash flows	88,190	(2,744)	201,234	110,300
Acquired in business combination	-	-	43,889	43,889
Foreign exchange adjustments	7,021	65	43,640	36,684
Other non-cash movements	-	788	2,003	2,791
Net Debt as at March 31, 2019	**310,851**	**3,516**	**1,149,425**	**842,090**
Reclassified to lease liabilities		(3,516)		(3,516)
Cash flows	105,264	-	(50,355)	(155,619)
Foreign exchange adjustments	(1,892)	-	8,963	10,855
Other non-cash movements	-	-	2,573	2,573
Net Debt as at March 31, 2020	**414,223**	**-**	**1,110,606**	**696,383**

For the year ended March 31, 2019, other non-cash movements for finance leases represent finance lease liability recognised during the year in respect of new lease contracts.

Other non-cash movements for other borrowings represent amortisation of issue costs related to Notes issued by the company.

A.6.3.12 Lease Liabilities

	March 31, 2020	March 31, 2019
Non-current	78,267	2,162
Current	29,417	1,354
Total	**107,684**	**3,516**

Lease liabilities represent obligations recognised under leasing contracts accounted for as per IFRS 16 since April 01, 2019 and includes finance lease liabilities accounted for as per IAS 17 until March 31, 2019.

A.6.3.13 Employee benefit obligations

Companies within the Group operate various pension schemes. The schemes are generally fully or partly funded through payments to insurance companies or trustee-administered funds. The Group has both defined benefit and defined contribution plans.

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	March 31, 2020	March 31, 2019
As at beginning of the period	**49,077**	**21,704**
Acquired in Business combination	-	23,973
Current service cost	4,436	3,889
Interest expense	1,085	976
Benefits paid	(3,256)	(2,062)
Curtailment / settlement loss	(156)	122
Settlement benefit payment	(253)	(734)
Actuarial (gains) or losses	(153)	345
Foreign currency differences	(1,497)	843
Reclassifications	825	21
As at end of the year	**50,108**	**49,077**

	March 31, 2020	March 31, 2019
Re-measurements:		
–Return on plan assets, excluding amounts included in interest expense	59	107
–(Gain)/loss from change in demographic assumptions	364	(59)
–(Gain)/loss from change in financial assumptions	830	974
–Experience (gains)/losses	(1,348)	(570)
Total	**(95)**	**452**

The amounts recognised in the income statement are analysed as follows:

	March 31, 2020	March 31, 2019
Recognised in the income statement		
Current service cost	4,436	3,889
Running Costs	15	15
The effect of any curtailment of settlement	(156)	122
Net benefit expense	**4,295**	**4,026**
Other finance costs / Income		
Interest income on scheme assets	(503)	(465)
Interest costs on scheme liabilities	1,085	976
Other finance costs (net)	**582**	**511**

The pension provisions correspond to each of the defined-benefit obligations at their present value. The expenses are reported under the item “Finance costs” (under “Interest expenses on defined benefit obligations”) and “Personnel expenses” (under “Pension costs from defined benefit plans”).

The amounts taken to the Statement of Comprehensive Income are as follows:

	March 31, 2020	March 31, 2019
Actual return on plan assets	443	358
Expected return on plan assets	(503)	(465)
Actuarial gains and (losses) on plan assets	**(60)**	**(107)**
Actuarial gains and (losses) on defined benefit obligations	153	(345)
Total	**93**	**(452)**
Effects of the limitation of scheme assets	**-**	**-**
Actuarial gains and (losses) recognised in the consolidated Statement of Comprehensive Income	**93**	**(452)**

The assets and liabilities of the schemes are:

	March 31, 2020	March 31, 2019
Scheme assets at fair value		
Equities		
- Quoted	680	561
- Unquoted	8,957	8,223
Bonds and gilts and others		
- Quoted	10,818	10,514
- Unquoted	1,138	1,087
Fair value of scheme assets	**21,593**	**20,385**
Defined Benefit Obligation	**50,108**	**49,077**
Thereof funded	21,593	20,385
Thereof unfunded	28,515	28,692
Funding status - deficit / (surplus)	**28,515**	**28,692**
Current	493	33
Non-Current	28,022	28,659

Changes in the fair value of plan assets are analysed as follows:

	March 31, 2020	March 31, 2019
As at beginning of the period	20,385	9,093
Acquired in Business combination	-	7,715
Return on plan assets	503	465
Contributions made by the Group	3,157	4,571
Benefits paid	(1,761)	(1,328)
Running Cost	(15)	(15)
Actuarial gains / (losses) on plan assets	(60)	(107)
Settlement benefit paid by Insurance Contract	-	(551)
Foreign currency differences	(1,175)	542
Other (reclassification and net transfer out)	559	-
As at end of the year	**21,593**	**20,385**

Pension provisions are calculated on the basis of assumptions. The most significant actuarial assumptions were as follows:

	March 31, 2020	March 31, 2019
Actuarial assumptions		
Rate of salary increases	2.00% - 8.00%	2.00% - 8.00%
Rate of increase in pension	0% - 6%	0% - 6%
Mortality Table*	-	-
Discount rate	1.00% - 9.00%	1.00% - 9.00%

*Due to the use of different tables at different locations, this information is not disclosed.

The amounts recorded in the balance sheet as a provision for pensions are as follows:

	March 31, 2020	March 31, 2019
As at beginning of the period	28,692	12,611
Acquired in Business combination	-	16,258
Expense recorded in the period	4,877	4,538
Benefits paid	(1,495)	(734)
Contributions made by the Group	(3,157)	(4,571)
Amount recognised in Statement of Comprehensive Income	(93)	451
Settlement	(253)	(183)
Foreign currency differences	(322)	302
Other (reclassification and net transfer out)	266	20
As at end of the year	**28,515**	**28,692**

Sensitivity Analysis

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is :

	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	0.50%	0.50%	(2,715)	(2,645)	2,983	2,858
Salary growth rate	0.50%	0.50%	2,167	2,128	(2,031)	(1,997)
Pension growth rate	0.50%	0.50%	364	242	(331)	(207)
Life expectancy	1 year	1 year	101	383	(99)	(383)

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 are k€ 1,924 (2019: k€ 1,192).

The above sensitivity analyses are based on a change in assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in balance sheet.

The method and type of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Defined contribution plans

The group also contributes towards defined contribution plans which receive fixed contributions from group companies and employees. The group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was k€ 26,657(March 31, 2019: k€ 27,655). The expenses are included in income statement under Personnel expenses.

A.6.3.14 Provisions

	Warranties	Personnel related	Provision for contingencies	Total
At April 01, 2018	**17,061**	**2,373**	**1,484**	**20,918**
Arising during the year	3,021	2,832	9,312	15,165
Acquired in business combination	2,375	3,163	8,742	14,280
Utilised during the year	(4,517)	(933)	(426)	(5,876)
Reversal of unused amounts	(970)	(922)	(5,813)	(7,705)
Foreign currency differences	230	(51)	12	191
At March 31, 2019	**17,200**	**6,462**	**13,311**	**36,973**
Current	13,412	3,155	6,403	22,970
Non-current	3,788	3,307	6,908	14,003
	17,200	**6,462**	**13,311**	**36,973**
At April 01, 2019	**17,200**	**6,462**	**13,311**	**36,973**
Arising during the year	4,944	1,186	6,665	12,795
Utilised during the year	(4,315)	(2,909)	(140)	(7,364)
Reversal of unused amounts	(1,018)	(926)	(4,277)	(6,221)
Foreign currency differences	(463)	(601)	(281)	(1,345)
At March 31, 2020	**16,348**	**3,212**	**15,278**	**34,838**
Current	14,294	788	9,460	24,542
Non-current	2,054	2,424	5,818	10,296

Warranties

A provision is recognised for expected warranty claims on products previously, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Personnel related

Personnel related provisions mostly comprise of restructuring and other severance costs.

Provision for contingencies

These are related to provision for litigations, site restoration expenses for removing the asset and/or restoring the site and other miscellaneous items.

A.6.3.15 Other liabilities

	March 31, 2020	March 31, 2019
Non-current		
Accrued expenses	36,264	46,251
Deferred income	16,969	4,207
Liabilities towards employees	13,094	12,688
Interest accrue but not due on loan from related parties	9,734	2,385
Amounts payable to obtain contracts	4,618	4,459
Others	3,371	11,555
Total	**84,050**	**81,545**
Current		
Advance received from customers (i)	10,583	6,028
Liabilities towards employees	120,790	110,846
Other tax liabilities (ii)	55,853	59,494
Social security	7,889	8,909
Deferred income	7,363	15,907
Accrued expenses	73,134	40,119
Interest accrued but not due on borrowings	10,961	11,255
Amounts payable to obtain contracts	52,831	46,662
Others	27,360	59,519
Total	**366,764**	**358,739**

(i) Advance received from customers fall under the definition of contract liabilities as per IFRS 15.

(ii) Other tax liabilities mainly represent liability for VAT and other similar taxes in the ordinary course of business.

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A.6.3.16 Shareholder's equity

Share Capital

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

	Number of equity shares (in No.s)	Share Capital (in €)
As at April 01, 2018	**66,176**	**66,176**
Add: Issued during the year	-	-
As at March 31, 2019	**66,176**	**66,176**
Add: Issued during the year	-	-
As at March 31, 2020	**66,176**	**66,176**

Share premium

On June 13, 2014 The Group issued 45,676 shares of € 1 each to Samvardhana Motherson Group Holdings Limited, Cyprus in lieu of acquisition of 98.45% interest in Samvardhana Motherson Reflectec Group Holdings Limited, Jersey for a non-cash consideration of k€ 905,716 consisting of k€ 46 towards share capital and transfer of k€ 12,250 loan from MSSL Mideast (FZE), the remaining amount of k€ 893,420 was recognised as share premium. The Group also received share premium contributions amounting to k€7,490 in the earlier years from its shareholders.

Currency translation reserve

Currency translation reserve comprises of all foreign exchange differences arising on the translation of the results and financial position of subsidiaries whose functional currencies differ from the Group's reporting currency.

Retained earnings

Retained earnings comprises accumulated profits/ (losses) of the Group and also include actuarial gains / losses arising on post-employment defined benefit plans and related tax impacts.

Merger reserve

The merger reserve represents the differences on consolidation arising on the adoption of predecessor accounting. On June 13, 2014, SMRP BV acquired 98.45% shareholding of Samvardhana Motherson Reflectec Group Holdings Limited (SMR Group) from Samvardhana Motherson Group Holdings Limited (SMGHL), Cyprus in share exchange deal wherein SMGHL transferred its entire shareholding to SMRP BV in exchange of 45,676 shares of a nominal value of € 1 each issued by SMRP BV and consequently SMRP BV has become subsidiary of SMGHL. Shareholders of SMRP BV approved allotment of shares to SMGHL in their meeting dated June 13, 2014. Prior to June 13, 2014, SMRP BV and SMR Group were jointly controlled by Motherson Sumi Systems Limited (MSSL India) and Samvardhana Motherson International Limited (SAMIL India) and after this transaction SMRP BV Group comprising SMR Group continue to be jointly controlled by MSSL India and SAMIL India.

As this transaction is done under "common control" as defined by IFRS, the activities of SMR Group were included in the consolidated accounts for the year ended March 31, 2015 using the predecessor accounting method. This accounting treatment leads to differences on consolidation between consideration and fair value of the underlying net assets and this difference is included within equity as a merger reserve.

Other reserves

The following table shows a breakdown 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Cash flow hedges	AfS financial assets	Financial assets at FVOCI	Total other reserves
As at April 01, 2018 (A)	**(6,132)**	**(364)**	**-**	**(6,496)**
Reclassification on IFRS 9 adoption	-	364	(364)	-
Revaluation / Changes in fair value	31,881	-	(198)	31,683
Reclassification to income statement	(25,685)	-	-	(25,685)
Other comprehensive income for the year (B)	**64**		**(562)**	**(498)**
Non-Controlling Interest (C)	23	-	-	23
As at March 31, 2019 (D=A+B-C)	**41**	**-**	**(562)**	**(521)**

	Cash flow hedges	Financial assets at FVOCI	Total other reserves
As at March 31, 2019 (D)	**41**	**(562)**	**(521)**
Revaluation / Changes in fair value	(6,022)	(10,533)	(16,555)
Reclassification to income statement	(4,125)	-	(4,125)
Reclassification to carrying amount of non-financial assets	(30)	-	(30)
Deferred tax	157	-	157
Other comprehensive income for the year (E)	**(10,020)**	**(10,533)**	**(20,553)**
Non-Controlling Interest (F)	(80)	(164)	(244)
As at March 31, 2020 (G=D+E-F)	**(9,899)**	**(10,931)**	**(20,830)**

Financial assets at FVOCI

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

Cash flow hedges

The Group uses two types of hedging instruments as part of its foreign currency risk associated with highly probable foreign currency forecast transaction and foreign currency borrowings. These include foreign currency forward contracts for highly probable forecast transactions and cross currency interest rate swap for borrowings. The hedging reserve is used to record gains or losses on such hedging instruments that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. The Group designates both spot and forward component of foreign currency forward contract as hedge relationship. Amounts associated with foreign currency forward contracts are reclassified to income statement when the associated hedged transaction affects income statement or added to the initial cost of the related balance sheet item if it results in recognition of a non-financial item. The foreign exchange gain or loss on the portion of borrowings hedged by swaps is reclassified from cash flow hedge reserve to income statement and recognised within 'finance cost'. Amounts reclassified from cash flow hedge reserve to income statement during the year relates to hedged items that has affected income statement.

A.6.3.17 Investment in subsidiaries

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held, except as disclosed. The parent company does not have any shareholdings in the preference shares, if any, of subsidiary undertakings included in the group.

The following subsidiaries of the Group have non-controlling interests:

Entity name	Country	Capital share [a)]	Minority shares	Voting rights [a)]
Samvardhana Motherson Reflectec Group Holdings Limited	Jersey	98.45%	1.55%	98.45%
SMR Automotive Systems India Limited (held by SMR Cyprus) {SMR India}	India	51%	49%	51%
SMR Grundbesitz GmbH & Co KG (held by SMR Holding Deutschland)	Germany	93.07%	6.93%	93.07%
SMP Deutschland GmbH (held by SMP GmbH)	Germany	94.80%	5.20%	94.80%
Changchun Peguform Automotive Plastics Technology Ltd. (held by SMP Deutschland) {CPAT}	China	50%	50%	50%+1[b)]
Foshan Peguform Automotive Plastics Technology Co. Ltd. (held by CPAT) {FPAT}	China	100%	-	100%
Shenyang SMP Automotive Plastic Components Co. Ltd. (held by CPAT) {w.e.f. 22 August 2017}	China	100%	-	100%
Tianjin SMP Automotive Components Co. Ltd. (held by CPAT) {w.e.f. 06 March 2018}	China	100%	-	100%
SM Real Estate GmbH (held by SMP AE)	Germany	94.80%	5.20%	94.80%
Celulosa Fabril (Cefa) S.A. (held by SMP Iberica){CEFA} [c)]	Spain	50%	50%	50% [d)]
Modulos Ribera Alto S.LU. (held by CEFA) {MRA}	Spain	100%	-	100%
Yujin-SMRC Automotive Modules Corp. (held by SMRC H BV) [SMRC Korea]	S. Korea	50.9%	49.1%	50.9%
Motherson Ossia Innovations LLC (held by MI LLC)	USA	50%	50%	50%
Re-Time Pty Limited (held by SMR Australia) w.e.f. August 08 2019	Australia	71.4%	28.6%	71.4%

a) Capital shares mentioned above represent shareholding by the immediate parent of the entity and does not represent effective shareholding by the Group.

b) SMP Deutschland GmbH has 50% of the voting rights plus one additional vote.

c) Subsidiary relation since 20 December 2016

d) Represents shareholder voting rights however majority control over the board of directors

Summarised financial information on subsidiaries with material non-controlling interests

The non-controlling interest in respect of SMR Automotive Systems India Limited (SMR India), Celulosa Fabril (Cefa) S.A., Modulos Ribera Alto S.LU., Changchun Peguform Automotive Plastics Technology Ltd. (CPAT) and Foshan Peguform Automotive Plastics Technology Co. Ltd. (FPAT) is only considered to be material.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

Summarised balance sheet and income statement

	March 31, 2020						March 31, 2019					
	CEFA	MRA	CPAT	FPAT	SMR India	SMRC Korea	CEFA	MRA	CPAT	FPAT	SMR India	SMRC Korea
Balance Sheet												
Non-current assets	16,707	47,849	62,167	11,715	34,371	1,113	25,366	26,840	58,843	12,733	32,292	1,519
Current assets	27,740	26,801	116,848	19,007	21,163	21,852	38,478	33,714	133,034	19,100	24,864	30,565
Gross assets	**44,447**	**74,650**	**179,015**	**30,722**	**55,534**	**22,965**	**63,844**	**60,554**	**191,877**	**31,833**	**57,156**	**32,084**
Current liabilities	13,794	26,753	67,145	13,614	16,266	15,731	17,858	27,400	85,213	28,250	21,874	24,099
Non-current liabilities	5,533	4,516	551	8,611	6,877	-	8,275	22	-	-	1,710	955
Gross liabilities	**19,327**	**31,269**	**67,696**	**22,225**	**23,143**	**15,731**	**26,133**	**27,422**	**85,213**	**28,250**	**23,584**	**25,054**
Net assets	**25,120**	**43,381**	**111,319**	**8,497**	**32,391**	**7,234**	**37,711**	**33,132**	**106,664**	**3,583**	**33,572**	**7,030**
Results												
Revenue	58,755	98,927	215,186	31,551	65,129	105,222	69,734	45,761	236,018	22,634	75,555	75,418
Expense	(50,559)	(88,678)	(191,514)	(30,596)	(63,157)	(100,893)	(60,665)	(39,514)	(202,806)	(21,835)	(69,782)	(74,676)
Profit for the period	**8,196**	**10,249**	**23,672**	**955**	**1,972**	**4,329**	**9,069**	**6,247**	**33,212**	**799**	**5,773**	**742**
Other Comprehensive Income	-	-	-	-	(66)		-	-	-	-	(22)	855
Total Comprehensive Income	**8,196**	**10,249**	**23,672**	**955**	**1,906**	**4,329**	**9,069**	**6,247**	**33,212**	**799**	**5,751**	**1,597**
Dividends paid to non-controlling interest	(7,500)	-	(7,778)	-	(561)	(1,694)	(2,500)	-	(13,034)	-	(642)	(875)
Profit for the year attributable to non-controlling interest	4,098	5,124	11,836	478	1,138	(1,593)	4,535	3,124	16,606	400	2,807	107
Accumulated non-controlling interest	24,765 [a)]	10,260 [a)]	56,260	471	15,125	13,354	28,674 [a)]	5,241 [a)]	54,521	87	15,262	13,833

[a)] Includes the impact of purchase price allocation

Summarised cash flows

	March 31, 2020						March 31, 2019					
	CEFA	MRA	CPAT	FPAT	SMR India	SMRC Korea	CEFA	MRA	CPAT	FPAT	SMR India	SMRC Korea
Cash flows from Operating Activities												
Cash generated from operations	23,791	9,079	55,886	(12,276)	18,576	8,049	13,449	(840)	8,722	8,139	11,985	5,846
Interest paid	546	(475)	1,447	(1,355)	(555)	-	606	40	274	3	192	-
Income tax paid	(1,407)	(3,950)	(5,945)	(187)	(1,190)	(1,040)	(3,011)	(2,302)	(4,872)	(295)	(3,129)	(1,278)
Net cash generated from operating activities	**22,930**	**4,654**	**51,388**	**(13,818)**	**16,831**	**7,009**	**11,044**	**(3,102)**	**4,124**	**7,847**	**9,048**	**4,568**
Net cash used in investing activities	(795)	(5,158)	(6,915)	(934)	(8,972)	(1,394)	(1,301)	(15,137)	(12,955)	(5,716)	(15,172)	(2,126)
Net cash used in financing activities	(16,062)	504	(21,794)	12,760	(2,031)	(4,970)	(27,738)	18,239	(17,318)	-	3,228	(866)
Net (decrease)/increase in cash and cash equivalents	**6,073**	**-**	**22,679**	**(1,992)**	**5,828**	**645**	**(17,995)**	**-**	**(26,149)**	**2,131**	**(2,896)**	**1,576**
Cash, cash equivalents and bank overdrafts at beginning of year	3,916	15	5,216	2,557	559	7,474	21,911	14	31,230	360	3,347	5,650
Exchange gains/(losses) on cash and cash equivalents	-	-	(1,005)	(20)	(353)	(490)	-	-	135	66	108	248
Cash and cash equivalents at end of year	**9,989**	**15**	**26,890**	**545**	**6,034**	**7,629**	**3,916**	**14**	**5,216**	**2,557**	**559**	**7,474**

The information above is the amount before inter-company eliminations.

A.6.4 Disclosures regarding the Consolidated Income Statement

A.6.4.1 Revenue

The Group derives following revenue from its contracts with customers :

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of components	4,924,152	4,642,524
Tool Development	652,817	642,913
Assembly of components	25,499	26,709
Total	**5,602,468**	**5,312,146**

The transaction price allocated to the remaining performance obligations related to tool development (unsatisfied or partially unsatisfied) are, as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Within one year	349,789	386,704
More than one year	247,262	220,324
Total	**597,051**	**607,028**

Table below provides information on revenue recognised from :

	Year ended March 31, 2020	Year ended March 31, 2019
Amounts included in contract liabilities at the beginning of the year	12,782	3,133
Performance obligations partly satisfied in previous years	316,228	530,316

A.6.4.2 Changes in inventories

	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock of		
finished goods	(50,903)	(41,123)
work-in-progress	(36,983)	(28,914)
Acquired in business combination	-	(11,118)
exchange differences	(52)	(465)
Closing stock of		
finished goods	54,177	50,903
work-in-progress	35,507	36,983
exchange differences	2,286	(337)
Increase/(Decrease) in inventories	**4,032**	**5,929**

A.6.4.3 Other operating income

	Year ended March 31, 2020	Year ended March 31, 2019
Subsidies /Income recognized from grants received	4,344	4,431
Other recoveries from customers	9,312	2,268
Rental income	1,241	1,119
Royalty income	698	2,067
Gain from the sale of property, plant and equipment and Intangible assets	366	1,394
Provisions written back/Gain on reversal of bad debt allowance	5,688	1,396
Gain on bargain purchase	-	12,178
Other Income	26,939	27,022
Total	**48,588**	**51,875**

A.6.4.4 Personnel expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Wages and salaries	926,534	818,307
Paid labour rendered by third parties	214,937	207,445
Social security costs	182,090	174,918
Pensions costs from defined benefit plans	4,436	3,904
	1,327,997	**1,204,574**

A.6.4.5 Depreciation and amortization

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation and impairment of property, plant and equipment	189,205	154,118
Depreciation on investment properties	326	325
Amortisation of intangible assets	14,842	13,866
Depreciation on right of assets	32,709	-
Total	**237,082**	**168,309**

A.6.4.6 Other operating expenses

	Year ended March 31, 2020	Year ended March 31, 2019
General administration expenses	190,130	173,394
Energy	96,371	87,964
Repairs and maintenance	123,570	115,882
Rent and lease	30,911	64,695
Freight and forwarding	66,593	68,609
Bad debts/advances written off	565	702
Auditors remuneration	6,569	6,146
Net foreign exchange loss	1,258	1,914
Legal and professional expenses	130,944	97,046
Total	**646,911**	**616,352**

For the year ended March 31, 2019, expenses amounting to k€ 35,318 were reclassified from general administration expenses to legal and professional expenses and another k€5,334 were reclassified to repairs and maintenance to ensure consistency with current year classifications.

During the year ended March 31, 2020 and March 31, 2019, following amounts were recorded in respect of fee paid to auditor for various services:

March 31, 2020	Ernst & Young Accountants LLP	Other EY Network	Total EY Network	Other audit firm	Total
Audit of the financial statements	140	2,844	2,984	384	**3,368**
Other audit and tax services	-	762	762	1,103	**1,865**
Other non-audit services	-	184	184	1,053	**1,237**
Total	**140**	**3,790**	**3,930**	**2,540**	**6,470**

March 31, 2019	Ernst & Young Accountants LLP	Other EY Network	Total EY Network	Other audit firm	Total
Audit of the financial statements	115	2,651	2,766	411	**3,177**
Other audit and tax services		254	254	1,200	**1,454**
Other non-audit services	-	84	84	607	**691**
Total	**115**	**2,989**	**3,104**	**2,218**	**5,322**

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors forming part of Ernst & Young network; as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') and audit firms other than those forming part of EY network.

A.6.4.7 Finance income and costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income	3,775	2,939
Net exchange gain on foreign currency borrowings	-	7,287
Finance income	**3,775**	**10,226**
Interest expenses finance leases	-	102
Interest on lease liabilities	4,566	-
Interest expense on borrowings	55,101	47,714
Interest expense on defined benefit obligations	583	512
Net exchange losses on foreign currency borrowings	8,726	-
Finance costs	**68,976**	**48,328**

Foreign exchange loss contains amounts from the revaluation of foreign currency financial liabilities.

A.6.4.8 Share of net profit of associates and joint ventures accounted for using the equity method

	Year ended March 31, 2020	Year ended March 31, 2019
Joint ventures	3,399	7,047
Associates	(64)	29
Total	**3,335**	**7,076**

Section A.6.3.6 contains further details related to the participation in joint ventures.

A.6.5 Income taxes

Deferred income taxes are calculated using the balance-sheet based liability method. Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amount of an asset or liability and the values used for taxation purposes. Deferred tax assets are also recognised for tax-loss carry forwards to the extent it is probable that future taxable profits will be available. For this reason, the recognition of all deferred tax assets based on tax losses is carried out with suitable consideration given to their realisation. Deferred taxes are determined on the basis of tax rates that have been enacted or substantially enacted by the end of the reporting period.

The income tax credit/expense for the year comprises the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax on profits for the year	53,606	73,476
Adjustments for current tax of prior periods	(6,261)	4,270
Current tax expense	**47,345**	**77,746**
Development and reversal of temporary differences	(3,191)	(14,168)
Prior year adjustments	890	(443)
Effect of reported tax losses	(4,703)	(17,235)
Others	961	(917)
Deferred tax expense/(credit)	**(6,043)**	**(32,763)**
Income tax expense	**41,302**	**44,983**

There is no significant change in corporate tax rates, in jurisdictions where group operates, having material impact on current charge and future adjustment to the carrying amounts of assets and liabilities.

This statement enables the expected tax expense to be reconciled with the effective tax expense reported.

Reconciliation of the effective tax rate	Year ended March 31, 2020	Year ended March 31, 2019
Earnings before income tax	**37,145**	**147,662**
Tax at rate of 25%a)	9,286	36,916
Difference in overseas tax rates	7,086	9,376
Tax effect of losses on which deferred tax assets not recognised	38,517	12,313
Utilisation of previously unrecognized tax losses	(25,595)	(7,959)
Adjustments for current and deferred tax of prior periods	(5,372)	3,828
Tax effect of amounts which are not deductible in calculating taxable income	7,992	(3,768)
Withholding and local taxes	8,007	1,794
Impact of tax rate changes	-	(5,050)
Effect of tax credits	(3,221)	(3,522)
Sundry items	4,602	1,055
Income tax expense	**41,302**	**44,983**

a) Tax rate is the general corporate tax rate applicable in the Netherlands, the country of domicile of SMRP BV and does not consider the change in tax rate due to level of taxable income

Tax is calculated at domestic tax rates applicable in the respective countries. There have been no significant changes in tax rates applicable to the Group's subsidiaries during the year. The weighted average applicable tax rate for the year ended March 31, 2020 has increased from last year on account of variation in profitability of the Group's subsidiaries in the respective countries.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax assets:		
- Deferred tax assets to be recovered after 12 months	24,354	37,517
- Deferred tax assets to be recovered within 12 months	9,004	15,875
	33,358	**53,392**
Deferred tax liabilities:		
- Deferred tax liabilities to be settled after 12 months	26,660	29,935
- Deferred tax liabilities to be settled within 12 months	17,885	28,381
	44,545	**58,316**

Unrecognised temporary differences
Temporary difference relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:

	Year ended March 31, 2020	Year ended March 31, 2019
Foreign currency translation	(4,862)	8,905
Undistributed earnings	691,022	675,189

Temporary differences of k€ (4,862) (March 31, 2019 : k€ 8,905) have arisen as a result of the translation of the financial statements of the group's subsidiary in USA, Mexico, China, Brazil, South Korea, India, Australia and Thailand. However, a deferred tax liability has not been recognised as the liability will only crystallise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

The Group has undistributed earnings of k€ 691,022 (March 31, 2019 k€ 675,189) which, if paid out as dividends, would be not be subject to tax in the hands of the recipient and hence no assessable temporary difference exists.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred income tax assets in respect of losses amounting to k€ € 422,851 (March 31, 2019: k€ 442,898) that can be carried forward against future taxable income. These losses can be carried-forward as below –

Year of expiry	Amount	Year of expiry	Amount
next 1 year	5,946	next 9 years	-
next 2 years	5,449	next 10 years	1,358
next 3 years	4,571	next 11 years	-
next 4 years	2,372	next 12 years	-
next 5 years	758	next 13 years	-
next 6 years	15,545	next 14 years	-
next 7 years	-	next 15 or more years	-
next 8 years	-	No expiry	378,658
		Not usable	8,194

The movement in deferred income tax assets and liabilities during the year, is as follows:

	As at April 01, 2019	Charged/(credited) to the income statement	Charged/(credited) to other comprehensive income	Reclassifications*	Exchange differences	As at March 31, 2020
Deferred tax assets						
Provisions	5,296	393	-	(22)	(288)	5,379
Property, plant and equipment	10,172	(3,101)	-	66	(433)	6,704
Intangible assets	566	(107)	-	316	(1)	774
Receivable	2,064	452	-	(3,280)	(28)	(792)
Inventories	1,063	(1,118)	-	(628)	(204)	(887)
Tax Value of Reported Loss carryforwards	28,258	4,311	-	(12,077)	(635)	19,857
Government grants	62	58	-	-	(12)	108
Employee Benefits/ Pension	782	(155)	192	107	(22)	904
Others	5,129	(3,976)	157	394	(393)	1,311
Total deferred tax assets	**53,392**	**(3,243)**	**349**	**(15,124)**	**(2,016)**	**33,358**
Deferred tax liabilities						
Provisions	(2,789)	1,791	-	143	(34)	(889)
Property, plant and equipment	43,602	(1,163)	-	91	(418)	42,112
Intangible assets	5,938	(1,417)	-	316	-	4,837
Receivable	15,671	(3,526)	-	(3,084)	(295)	8,766
Inventories	(56)	(377)	-	(825)	(4)	(1,262)
Tax Value of Reported Loss carryforwards	(412)	-	-	(2,076)	(7)	(2,495)
Right of Use (IFRS 16)	-	10	-	-	-	10
Government grants	1,286	187	-	(158)	22	1,337
Employee Benefits/ Pension	(2,715)	(300)	(14)	(41)	37	(3,033)
Others	(2,209)	(4,491)	-	1,896	(34)	(4,838)
Total deferred tax liabilities	**58,316**	**(9,286)**	**(14)**	**(3,738)**	**(733)**	**44,545**

* Reclassifications generally represents netting off between deferred tax assets and liabilities in respective jurisdictions, transfers out of deferred tax pursuant to change in tax positions in filed tax returns

	As at April 01, 2018	Charged/(credited) to the income statement	Charged/(credited) to other comprehensive income	Acquisition on business combination	Reclassifications*	Exchange differences	As at March 31, 2019
Deferred tax assets							
Provisions	10,964	(1,127)	-	109	(5,226)	576	5,296
Property, plant and equipment	(3,359)	4,344	-	2,446	7,146	(404)	10,173
Intangible assets	(196)	(124)	-	418	466	-	564
Receivable	1,228	328	-	-	502	6	2,064
Inventories	1,955	(105)	-	(23)	(822)	59	1,064
Assets under finance lease	86	-	-	-	(86)	-	-
Tax Value of Reported Loss carryforwards	24,012	17,236	-	2,217	(15,254)	46	28,257
Government grants	(714)	146	-	(48)	720	(44)	60
Employee Benefits/ Pension	1,383	(304)	37	326	(700)	41	783
Others	6,200	2,155	-	682	(5,319)	1,413	5,131
Total deferred tax assets	**41,559**	**22,549**	**37**	**6,127**	**(18,573)**	**1,693**	**53,392**
Deferred tax liabilities							
Provisions	1,411	293	-	-	(4,489)	(3)	(2,788)
Property, plant and equipment	40,337	(10,915)	-	6,522	7,009	651	43,604
Intangible assets	4,370	(1,875)	-	3,338	106	-	5,939
Receivable	11,368	(1,486)	-	5,011	(71)	849	15,671
Inventories	-	(54)	-	-	-	(2)	(56)
Tax Value of Reported Loss carryforwards	-	-	-	-	(399)	(13)	(412)
Government grants	18	537	-	-	691	46	1,292
Employee Benefits/ Pension	(1,850)	(443)	-	-	(397)	(27)	(2,717)
Others	2,008	3,729	129	650	(9,221)	488	(2,217)
Total deferred tax liabilities	**57,662**	**(10,214)**	**129**	**15,521**	(6,771)	**1,989**	**58,316**

* Reclassifications generally represents netting off between deferred tax assets and liabilities in respective jurisdictions, transfers out of deferred tax pursuant to change in tax positions in filed tax returns

A.6.6 Other disclosures

A.6.6.1 Financial instruments

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

Financial instruments	March 31, 2020	March 31, 2019
FINANCIAL ASSETS		
Financial assets at amortised cost		
Trade receivables	494,540	610,193
Other receivables	366,610	513,516
Cash and cash equivalents	414,223	310,851
Financial assets at fair value through other comprehensive income		
Other investments	16,989	27,558
Derivative financial instruments		
Used for hedging	10,656	6,821
Held for trading at fair value through Profit and Loss	1,042	168
FINANCIAL LIABILITIES		
Liabilities at amortised cost		
Borrowings		
Notes	755,384	747,029
Liabilities to banks and others	203,281	252,396
Loan from related parties	151,940	150,000
Lease liabilities	107,684	-
Finance lease liabilities	-	3,516
Trade payables	938,451	1,049,504
Liabilities to joint ventures and related parties	27,394	27,239
Other liabilities	361,459	344,212
Derivative financial instruments		
Used for hedging	16,251	5,562

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

A description of the Group's financial instrument risks, including risk management objectives and policies is given in note A.6.6.3.

A.6.6.1.1 Financial instruments

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Fair value measurements At March 31, 2020	Level 1	Level 2	Level 3	Fair Value March 31, 2020
FINANCIAL ASSETS				
Financial assets at fair value through other comprehensive income				
Other investments	-	16,984	5	16,989
Derivative financial instruments				
Used for hedging	-	10,656	-	10,656
Held for trading at fair value through Profit and Loss	-	1,042	-	1,042
FINANCIAL LIABILITIES				
Derivative financial instruments				
Used for hedging	-	16,251	-	16,251

Fair value measurements At March 31, 2019	Level 1	Level 2	Level 3	Fair Value March 31, 2018
FINANCIAL ASSETS				
Financial assets at fair value through other comprehensive income				
Other investments	-	27,553	5	27,558
Derivative financial instruments				
Used for hedging	-	6,821	-	6,821
Held for trading at fair value through Profit and Loss	-	168	-	168
FINANCIAL LIABILITIES				
Derivative financial instruments				
Used for hedging	-	5,562	-	5,562

Fair value hierarchy

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise of equity instruments classified as available for sale. Quoted market prices are used to value Level 1 instruments.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Entity's Level 2 instruments comprise of forward contracts relating to foreign currency and commodities, cross-currency interest rate swaps and equity instruments. The fair value of forward foreign contracts is determined using forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of equity instruments is calculated using recent trading activity for similar instrument.

(c) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Group's Level 3 instruments represent investment in unlisted equity instruments and are valued using discounted cash flow analysis.

A.6.6.1.2 Offsetting Financial Assets and Financial Liabilities:

The following table present the Group's financial assets and liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements:

Trade receivables	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the Balance sheet	Net amounts of financial assets presented in the balance sheet
March 31, 2020	536,480	(41,940)	494,540
March 31, 2019	629,838	(19,645)	610,193

Unbilled receivables*	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the Balance sheet	Net amounts of financial assets presented in the balance sheet
March 31, 2020	449,875	(122,645)	327,230
March 31, 2019	628,538	(157,683)	470,855

*grouped under other receivables

A.6.6.2 Contingent Liabilities

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims with customers, suppliers, former employees and other parties. In addition, the Group may be, or could become, liable to incur environmental remediation costs to bring environmental contamination levels back within acceptable legal limits.

On an on-going basis, the Group assesses the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. The required provision may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

The tax position taken by the Group with respect to certain transactions and calculations may be challenged by tax authorities for reasons including transfer pricing, the availability of deductions for interest expense and other deductible items, the treatment of acquisition, refinancing and reorganization transactions, intercompany funding arrangements, the application and effect of tax “holidays” and the calculation of deferred tax assets and liabilities. The Group does not expect any significant cash outflow in respect of these contingencies.

As at the year end, the Group has following contingent liabilities:

	As at March 31, 2020	As at March 31, 2019
Indirect tax matters	8	9
Direct tax matters	660	709
Others (refer note below)	29,365	26,778
Total	**30,033**	**27,496**

The Group has acted as surety in respect of subsidy received by one of its subsidiary, which limits the total liability of the Group to 1.2x of the amount of subsidy granted. As per the conditions of subsidy received from the local government the subsidiary is required to incur certain level of capital expenditure along with maintaining the headcount at certain level for a period of 5 years. As of March 31, 2020, both the conditions have been fulfilled however headcount level needs to be sustained for 5 years therefore the Group may be contingently liable for k€ 29,365 (March 31, 2019: k€ 26,778) in the event of non-compliance of subsidy conditions by the subsidiary in the future.

Capital expenditure commitments

The group has outstanding capital expenditure commitments which represents outstanding amount of contracts for capital expenditure against which work is yet to be executed by the contractor or supplies to be received. Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment (net of advances)	52,971	66,306

A.6.6.3 Risk management with respect to financial risks

The Group in its capacity as an internationally active supplier for the automobile industry is exposed to various risks with each of its business segments and products. The global presence and decentralised management structure with the main activities in the plants make an organised risk management system necessary. The regulations, instructions, implementation rules and, in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks.

The successful management of opportunities and risks is part of operating a business and is the primary task of all management personnel. During the regular management meetings at all management levels, opportunities, risks and optimisation measures are subjected to systematic treatment. Rapid, open and unhindered communication between all levels of management on the risks and imminent exceptional situations ensure that potential risks can be identified at an early stage and their effects can be limited. Risk awareness and the integration of risk management into management personnel's on-going duties at an organisational level enable the Group to identify risks immediately and to eliminate them or to minimise their effects on the net asset, financial and income position.

A detailed examination has revealed that the risks detailed below are manageable for the SMRP Group.
The Group is exposed in particular to credit risks with regard to trade receivables, liquidity risks and market risks from changes in interest rates and exchange rates. The Group counters customer default risks by monitoring customers continuously and carrying out regular credit checks. Liquidity is secured by means of medium-term loans, pre-emptive liquidity planning and daily liquidity reporting. Interest and currency risks are monitored on a monthly basis centrally by the finance department and the Group's Board of Management.

The Group has developed guidelines on risk controlling and the use of financial instruments. These guidelines contain a clear allocation of duties. Risks are controlled and monitored by means of operational and financial measures.
The risks listed below are not so material that they would result in extraordinary concentrations of risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has guidelines for the management of credit risk from trade receivables. The Group's primary customers are major global automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are very limited and subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The maximum amount of the credit exposure is equal to the carrying amounts of these receivables. The Group does not hold collateral as security or uses credit enhancements due to leading market positions of its customers.

The Group has deposited liquid funds at various banking institutions. Primary banking institutions are major international banks. In long term credit ratings these banking institutions are considered to be investment grade.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	March 31, 2020	March 31, 2019
As at beginning of the year	9,464	8,603
Acquired in business combination	-	1,119
Allowance for impairment recognised	1,536	2,121
Amounts written off	(1,387)	(2,123)
Unused amounts reversed	(86)	(379)
Exchange fluctuation	(557)	123
As at end of the year	**8,970**	**9,464**

Set out below is the information about the credit risk exposure on the Group's trade receivables and other receivables:

	Total	Current	Past due				
			< 30 days	30-90 days	90-180 days	180-360 days	>360 days
March 31, 2020							
Trade receivables	494,540	351,960	93,010	35,456	10,752	3,053	309
Other receivables	366,610	365,757	694	30	118	11	-
March 31, 2019							
Trade receivables	610,193	475,552	108,704	10,154	10,866	4,458	459
Other receivables	533,729	511,097	5,264	9,264	3,781	1,690	2,633

Liquidity risk

The liquidity risk encompasses any risk that the Group cannot fully meet its financial obligations. To manage the liquidity risk, cash flow forecasting is performed in the operating entities of the group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions. Furthermore, in the case of an expected breach of covenants Group management evaluates early counteractions to prohibit negative impacts for the Group out of a breach of covenants. Please refer section on 'Capital Management' below.

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

	March 31, 2020					
	upto 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-derivative financial liabilities						
Borrowings[1]	127,993	35,550	392,181	388,406	254,643	**1,198,773**
Lease liabilities	8,101	24,471	27,273	46,867	11,015	**117,727**
Trade payables	695,172	243,279	-	-	-	**938,451**
Liabilities due to shareholders & related parties	15,454	11,940	-	-	-	**27,394**
Other financial liabilities	239,325	53,995	67,335	388	416	**361,459**
Total	**1,086,045**	**369,235**	**486,789**	**435,661**	**266,074**	**2,643,804**
Derivative financial liabilities						
Used for hedging[1]	7,054	8,049	1,148	-	-	**16,251**
Total	**7,054**	**8,049**	**1,148**	**-**	**-**	**16,251**

[1] Accrued interest as of March 31, 2020 is included in other financial liabilities

	March 31, 2019					
	upto 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-derivative financial liabilities						
Borrowings[1]	145,153	61,137	36,958	464,889	412,146	1,120,283
Lease liabilities	331	1,129	911	1,361	42	3,774
Trade payables	158,545	890,959	-	-	-	1,049,504
Liabilities due to shareholders & related parties	394	26,845	-	-	-	27,239
Other financial liabilities	16,866	343,264	5,515	3,310	4,305	373,260
Total	**321,289**	**1,323,334**	**43,384**	**469,560**	**416,493**	**2,574,060**
Derivative financial liabilities						
Used for hedging[1]	4,077	2,666	3,444	3,098	-	13,285
Total	**4,077**	**2,666**	**3,444**	**3,098**		**13,285**

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

Market risk

(i) Interest rate risk

The Group's exposure to changes in interest rates of borrowings is relatively low as a large part of borrowings comprises of Senior Secured Notes which have been issued on fixed coupon rates. With respect to other borrowings, variable rate borrowings do not represent a significant exposure considering the overall size of the borrowings.

(ii) Foreign exchange risk

Foreign exchange risk arises from monetary receivables and obligations expressed in a currency other than the functional currency of a Group company. Group companies are required to hedge their foreign exchange risk exposure using forward contracts transacted by the group treasury. The group's risk management policy is to hedge less than 100% of anticipated cash flows (mainly export sales, purchase of inventory and certain expenses) in foreign currency for the subsequent 12 months. The contracts are timed to mature when payments against the forecasted sales, purchase or expenses are to be received or made.

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

The group's unhedged exposure to foreign currency risk (for major currencies) at the end of the reporting period was as follows

(Amounts in foreign currency 000s)

March 31, 2020	USD	GBP	CNY	MXN	HUF
Receivables	15,746	1,318	2,693	31,225	1,756,674
Borrowings	165,000	-	-	-	-
Payables	51,886	5,087	46,593	119,308	3,400,220

March 31, 2019	USD	GBP	CNY	MXN	HUF
Receivables	30,257	6,805	141	29,750	2,422,746
Borrowings	235,000	-	-	-	-
Payables	30,601	2,796	38,262	29,991	1,448,107

As shown in the table above, the group is primarily exposed to changes in USD/EURO exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges. The Group conducted sensitivity analyses at year-end to estimate the currency risk concerning movement in USD/EURO. If the Euro were to appreciate by 10% against the US dollar, receivables would decrease by k€ 2,015 as on March 31, 2020 (March 31, 2019 : k€ 2,452), while liabilities would decrease by k€ 20,212 as on March 31, 2020 (March 31, 2019 : k€ 21,526). Net impact on equity will be a loss of k€ 18,197 as on March 31, 2020 (March 31, 2019 : loss k€ 19,074). On the other hand, if the Euro were to depreciate by 10% against the US dollar, receivables would increase by k€ 2,463 as on March 31, 2020 (March 31, 2019 : k€ 2,997), while liabilities would increase by k€ 24,793 as on March 31, 2020 (March 31, 2019 : 26,309). Net impact on equity will be a gain of k€ 22,240 as on March 31, 2020 (March 31, 2019 : gain of 23,312).

Derivative contracts

The Group had adopted hedge accounting in respect of following derivative contracts.

March 31, 2020

Type of Hedge & Risks	Nominal Value (Bought)	Carrying amount of Hedge instrument		Maturity date	Hedge ratio	Weighted average strike price	Changes in fair value of hedging instrument	Change in the value of hedged item
		Assets	Liabilities					
Forward covers								
HUF:EUR	HUF 19,465,553	-	3,962	April'2020 - March'2021	1:1	336.77	(3,962)	3,962
CNY : EUR	CNY 2,341	5	-	April'2020 - May'2020	1:1	7.92	5	(5)
USD:AUD	USD 22,777	180	755	April'2020 - June'2021	1:1	1.55	(575)	575
MXP:USD	MXN 1,694,553	-	11,399	April'2020 - March'2021	1:1	20.81	(12,033)	12,033
EUR:THB	EUR 85,938	-	26	April'2020 - March'2021	1:1	35.81	(26)	26
EUR:USD	EUR 8,300	46	-	April'2020 - November'2020	1:1	0.91	46	(46)
CNY:EUR	CNY 89,586	293	4	April'2020 - March'2021	1:1	8.07	245	(245)
Total		**524**	**16,146**					
Other forward covers not under hedge accounting		-	105					
Total		**524**	**16,251**					
Cross currency swaps								
USD:MXP	USD 15,000	1,423	-	May'2020	1:1	0.05	1,423	(1,423)
EUR:USD	EUR 157,983	3,240	-	December'2021	1:1	1.11	(8,661)	8,818
EUR:USD	EUR 53,156	1,382	-	June'2020	1:1	1.13	(1,382)	1,383
EUR:USD	EUR 51,386	4,089	-	August'2023	1:1	1.17	(2,002)	2,166
Total		**10,134**						
Other swaps not under hedge accounting		1,040	-					
Total		**11,174**						

March 31, 2019

Type of Hedge & Risks	Nominal Value (Bought)	Carrying amount of Hedge instrument		Maturity date	Hedge ratio	Weighted average strike price	Changes in fair value of hedging instrument	Change in the value of hedged item
		Assets	Liabilities					
Forward covers								
HUF:EUR	HUF 9,856,225	632	-	Apri'19 - Mar'20	1:1	328.54	632	(632)
CNY : EUR	CNY 97,260	738	-	Apri'19 - Jun'19	1:1	8.13	738	(738)
USD:AUD	USD 9,250	51	51	Apri'19 - Nov'19	1:1	0.62	(3)	3
MXP:USD	MXN 1,266,970	2,638	-	Apr'19 - Sep'20	1:1	21.11	2,638	(2,638)
EUR:USD	EUR 2,500	2	-	Apr'19	1:1	0.89	2	(2)
EUR:CNY	CNY 500,000	-	5	Apr'19	1:1	7.64	(5)	5
CNY : EUR	EUR 4,901	-	0	May'19	1:1	8.19	(0)	0
MXP:USD	USD 20,637,100	-	83	Mar'20	1:1	20.54	(83)	83
Total		**4,061**	**139**					
Other forward covers not under hedge accounting		102	-					
Total		**4,163**	**139**					
Cross currency swaps								
EUR:USD	EUR 157,983	-	5,422	15-Dec-21	1:1	1.11	(17,946)	17,680
EUR:USD	EUR 52,657	673	-	14-Jun-19	1:1	1.14	(5,371)	5,371
EUR:USD	EUR 51,386	2,087	-	29-Aug-23	1:1	1.17	2,087	(1,953)
Total		**2,760**	**5,422**					
Other swaps not under hedge accounting		66	-					
Total		**2,826**	**5,422**					

During the year, hedge ineffectiveness loss of k€ 16 (March 31, 2019 : gain k€134) was recognised in the income statement. The Group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument.

The Group uses the hypothetical derivative method to assess effectiveness. In the case of fixed to fixed cross currency swaps, retrospective effectiveness testing is performed at each reporting date using change in fair value of cash flows method (hypothetical derivative method) at each reporting date during the period of hedging. The effectiveness is measured as the ratio of change in the fair value of the hedging instrument and the hypothetical derivative during the period.

Capital management
The group's objectives when managing capital are to safeguard their ability to continue as a going concern and also their ability to fund inorganic growth, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

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

The group's strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBITDA ratios were as follows:

	March 31, 2020	March 31, 2019
Borrowings - non-current*	817,946	817,241
Borrowings - current	144,940	185,701
Total borrowings	**962,886**	**1,002,942**
Unamortised issue costs	7,833	10,379
Gross Debt	**970,719**	**1,013,321**
Less: Cash and cash equivalents	414,223	310,851
Net Debt	**556,496**	**702,470**
Results from operating activities	99,011	178,688
Add back: Depreciation and amortisation	237,082	168,309
Adjustments as per definition*****	(32,611)	7,894
EBITDA	**303,482**	**354,891**
Net Leverage Ratio*	**1.83**	**1.98**
Finance cost	68,976	48,328
Adjustments as per definition*****	(4,501)	5,417
Total Net Interests Costs	**64,475**	**53,744**
Interest cover ratio*	**4.71**	**6.60**

*Above figures are calculated in accordance with the definitions under Revolving Credit Facilities and Term Loan agreements which exclude subordinate shareholder loan among other adjustments.

The Group is not subject to any capital requirements on the basis of its Articles of Incorporation. Certain capital requirements were contractually imposed in loan agreements with the financial institutions. As per the terms of the Term Loan and Revolver Credit Facilities referred to in note A.6.3.11, the Group is required to maintain financial covenants of net leverage ratio not exceeding 3.25x and net interest cover ratio more than 3.0x calculated on the group’s consolidated financial statements.

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

As at March 31, 2020 the Group had net leverage ratio of 1.83x (March 31, 2019 : 1.98x) and net interest cover ratio of 4.71x (March 31, 2019 : 6.60x) and therefore was in compliance with both these financial covenants. The Group continuously monitors these covenants and it is controlled by capital measures regarding both, shareholders equity as well as debt.

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A.6.6.4 Operating Segment Information

The Company is primarily in the business of manufacture and sale of components to automotive original equipment manufacturers. The CODM examines the group's performance from a product perspective and has identified two reportable segments of its business:

SMR

Represents Samvardhana Motherson Reflectec Group Holdings Limited including its subsidiaries excluding Samvardhana Motherson Innovative Autosystems Holding Company BV, Samvardhana Motherson Innovative Autosystems de Mexico, S.A. de C.V., SMP Automotive Systems Alabama Inc. and plant at Kecskemet of SMR Automotive Mirror Technology Hungry Bt. and is engaged in development, manufacture and supply of rear view mirrors and drive assistance systems.

SMP

Represents Samvardhana Motherson Peguform GmbH, SMP Automotive Technology Ibérica, S.L., SMP Automotive Interiors (Beijing) Co. Ltd and their subsidiaries and includes Samvardhana Motherson Innovative Autosystems Holding Company BV, Samvardhana Motherson Innovative Autosystems de Mexico, S.A. de C.V., SMP Automotive Systems Alabama Inc., plant at Kecskemet of SMR Automotive Mirror Technology Hungry Bt. as referred above and Samvardhana Motherson Reydel Companies. SMP supplies polymer based interior and exterior modules and parts for automotive industry.

Others

Represents activities carried out by Motherson Innovations (Group's R&D and new technologies development arm) and results of certain corporate and shareholder support functions not allocable to a particular segment on a reasonable basis. Results of such support functions are not included in the business review reports provided to the management.

The management reviews performance of SMR and SMP business separately from the results of Motherson Innovations and other support functions and therefore the Company decided to present performance and assets, liabilities of SMR and SMP segment separately from the results of Motherson Innovations and other support functions to provide a better view on operational performance of these segments.

Transfer prices for transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

motherson

	March 31, 2020						March 31, 2019				
	SMP	SMR	Others	Inter-segment eliminations	Total		SMP	SMR	Others	Inter-segment eliminations	Total
Revenues	4,056,479	1,548,394	425	(2,830)	5,602,468		3,703,627	1,611,405	891	(3,777)	5,312,146
Earnings before interest, tax, depreciation and amortisation (EBITDA)	164,059	185,319	(11,868)	(1,417)	336,093		154,076	188,011	(12,111)	17,019	346,996
Depreciation & Amortisation	(177,074)	(59,719)	(289)		(237,082)		(117,296)	(50,866)	(147)	-	(168,309)
Earnings before interest, tax and share of net profit/(loss) of associates and joint ventures	**(13,015)**	**125,600**	**(12,157)**	**(1,417)**	**99,011**		**36,780**	**137,146**	**(12,258)**	**17,020**	**178,688**
Share of net profit of associates and joint ventures	(2,061)	5,396	-	-	**3,335**		(187)	7,263	**-**	**-**	**7,076**
Interest Income					3,775						10,226
Interest expense					(68,976)						(48,327)
Profit before tax					**37,145**						**147,663**
Segment Assets	2,670,837	1,337,101	2,321,319	(2,802,952)	**3,526,305**		2,778,856	1,137,132	2,170,918	(2,459,361)	**3,627,545**
Segment Liabilities	1,838,049	634,105	1,142,666	(820,449)	**2,794,371**		1,687,025	503,509	1,063,178	(413,984)	**2,839,728**
Other disclosures:											
Capital expenditure	131,297	43,903	91	-	**175,291**		185,369	69,195	260	-	**254,824**

Assets under Others primarily represent intercompany loans and investment in subsidiaries
Liabilities under Others primarily represent borrowings in the form of Notes and Revolving Credit Facilities utilised at the holding company level

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Disaggregated revenue information

	March 31, 2020					March 31, 2019				
	SMP	SMR	Others / Unallocated	Intersegment eliminations	Total	SMP	SMR	Others / Unallocated	Intersegment eliminations	Total
Geographical markets										
Asia Pacific	547,298	366,093	425	(70)	**913,746**	487,706	395,944	891	(952)	**883,589**
Europe	2,803,457	659,046	-	(2,760)	**3,459,743**	2,634,798	708,773	-	(1,649)	**3,341,922**
The Americas	705,724	523,255	-	-	**1,228,979**	581,123	506,688	-	(1,176)	**1,086,635**
Total revenue from contracts with customers	**4,056,479**	**1,548,394**	**425**	**(2,830)**	**5,602,468**	**3,703,627**	**1,611,405**	**891**	**(3,777)**	**5,312,146**
Sale of components	3,425,162	1,501,394	425	(2,830)	**4,924,151**	3,081,002	1,564,407	891	(3,777)	**4,642,523**
Tool development	605,817	39,464	-	-	**645,281**	595,915	46,998	-	-	**642,913**
Assembly of components	25,500	7,536	-	-	**33,036**	26,710	-	-	-	**26,710**
Total revenue from contracts with customers	**4,056,479**	**1,548,394**	**425**	**(2,830)**	**5,602,468**	**3,703,627**	**1,611,405**	**891**	**(3,777)**	**5,312,146**
At a point in time	3,450,661	1,508,931	425	(2,830)	**4,957,187**	3,107,712	1,564,407	891	(3,777)	**4,669,233**
Over a period of time	605,818	39,463	-	-	**645,281**	595,915	46,998	-	-	**642,913**
Total revenue from contracts with customers	**4,056,479**	**1,548,394**	**425**	**(2,830)**	**5,602,468**	**3,703,627**	**1,611,405**	**891**	**(3,777)**	**5,312,146**

* The Group has applied IFRS 15 using modified retrospective approach and therefore comparative information has not been presented

Non-current assets by region (excluding deferred taxes, investments and financial instrument)

	March 31, 2020					March 31, 2019				
	SMP	SMR	Others / Unallocated	Intersegment eliminations	Total	SMP	SMR	Others / Unallocated	Intersegment eliminations	Total
Asia Pacific	127,214	137,753	130	-	**265,097**	127,673	143,356	161	-	**271,190**
Europe	1,005,542	144,382	636	-	**1,150,560**	925,468	134,035	1,030	-	**1,060,533**
The Americas	407,028	97,343	-	-	**504,371**	405,633	102,045	-	-	**507,678**
Total	**1,539,784**	**379,478**	**766**	**-**	**1,920,028**	**1,458,774**	**379,436**	**1,191**	**-**	**1,839,401**

Revenue from external customers contributing more than 10% of segment revenue

	March 31, 2020					March 31, 2019				
	SMP	SMR	Others / Unallocated	Intersegment eliminations	Total	SMP	SMR	Others / Unallocated	Intersegment eliminations	Total
Audi	963,770	39,358	-	-	**1,003,128**	984,056	42,304	-	-	**1,026,360**
Volkswagen	589,537	97,810	-	-	**687,347**	586,657	91,062	-	-	**677,720**
Daimler	800,532	138,286	-	-	**938,818**	699,709	133,104	-	-	**832,813**
SEAT	113,309	260	-	-	**113,569**	95,260	2,300	-	-	**97,560**
Ford	34,084	168,859	-	-	**202,943**	44,110	181,903	-	-	**226,013**
Hyundai	11,252	185,239	-	-	**196,491**	9,915	192,505	-	-	**202,420**
Total	**2,512,484**	**629,812**	**-**	**-**	**3,142,296**	**2,419,736**	**643,178**	**-**	**-**	**3,062,885**

*The Group has no revenue from external customers in the Netherlands, the country of its domicile.

** As at March 31, 2020 assets amounting to k€ 1,274 (March 31, 2019: k€ 2,108) relate to the Netherlands, the country of domicile.

A.6.6.5 Related parties

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

Entities with significant influence over the Group

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

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

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

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

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

Key Management Personnel

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

During the year, below remuneration was paid to the Key Management Personnel:

	March 31, 2020	March 31, 2019
Short term employee benefits	3,784	2,796
Post-employment benefits	327	28
Long-term employee benefits	-	-
Directors sitting fees	165	161
Total compensation	**4,276**	**2,985**

Terms and conditions

Transactions relating to sales and purchase of goods with related parties during the year are based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

There is no significant allowance for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties. Outstanding balances are unsecured and are repayable in cash.

Details of related party transactions

	Year ended March 31, 2020							
	Ultimate Parent	Immediate Parent	Entities with significant influence	Fellow Subsidiaries	Joint ventures and associates	Key Management Personnel	Other related parties	Total
Sales	3,533	-	-	335	38,164	-		**42,032**
Purchases	36,090	-	-	60,239	36,060	-	532	**132,921**
Miscellaneous expenses	2,071	-	192	10,079	84	2,470	27,535	**42,431**
Loans received back	-	-	-	-	-	-	240	**240**
Loans taken	-	164,846	-	1,623	-	-	-	**166,469**
Repayment of loans taken	-	164,459	-	-	-	-	-	**164,459**
Rental income	-	-	-	70	-	-	-	**70**
Interests and similar expenses	-	9,363	-	-	-	-	-	**9,363**
Purchase of assets	9	-	-	-	-	-	2,045	**2054**
Miscellaneous income	2,482	-	7	1,961	36	-	416	**4,902**

Details of related party balances

	As at March 31, 2020							
	Ultimate Parent	Immediate Parent	Entities with significant influence	Fellow Subsidiaries	Joint ventures and associates	Key Management Personnel	Other related parties	Total
Trade receivables	1,149	-	-	890	4,760	-	344	**7,133**
Other receivables	-	-	-	-	-	63	319	**382**
Trade and other payables	5,523	9,734	-	11,009	6,478	-	4,134	**36,878**
Other liabilities	-	200	-	22	-	25	-	**247**
Loans payable	-	150,000	-	1,943	-	-	-	**151,943**

Details of related party transactions

	Year ended March 31, 2019							
	Ultimate Parent	Immediate Parent	Entities with significant influence	Fellow Subsidiaries	Joint ventures and associates	Key Management Personnel	Other related parties	Total
Sales	3,153	-	-	164	34,030	-	-	**37,347**
Purchases	39,582	-	-	64,189	34,913	-	245	**138,929**
Miscellaneous expenses	828	-	208	8,504	45	2,028	22,379	**33,992**
Loans given	-	-	-	-	-	-	26	**26**
Loans taken	-	150,000	-	23	-	-	-	**150,023**
Rental income	-	-	-	54	-	-	-	**54**
Interests and similar expenses	-	2,385	-	13	-	-	-	**2,398**
Purchase of assets	69	-	-	-	-	-	8,870	**8,939**
Miscellaneous income	2,228		45	2,131	385		9	**4,798**

Details of related party balances

	As at March 31, 2019							
	Ultimate Parent	Immediate Parent	Entities with significant influence	Fellow Subsidiaries	Joint ventures and associates	Key Management Personnel	Other related parties	Total
Trade receivables	1,402	-	39	2,989	5,759	-	620	**10,809**
Other receivables	-	-	-	-	-	-	793	**793**
Trade and other payables	6,694	2,385	19	11,763	5,190	-	3,581	**29,632**
Loans payable	-	150,000	-		319	-	-	**150,319**

A.6.7 Accounting estimates and evaluations

The Group makes estimates and assumptions concerning the future and makes significant judgements in the process of application of accounting policies. 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:

- Determination of the useful life of intangible assets and property, plant and equipment (see A.6.3.2 and A.6.3.4).
- Determination of fair value of derivatives and investment in equity instruments measured at fair value through other comprehensive income (see A.6.2.8).
- Impairment of assets recognised for customer and engineering agreements as well as technology and property, plant and equipment, particularly with regard to their underlying cash flow forecasts and discount rates (see A.6.3.2 and A.6.3.4).
- Estimation of fair values of assets and liabilities acquired in a business combination.
- Determination of the level of completion, the contract revenues and contract costs of engineering contracts. The Group uses the percentage-of-completion method in accounting for its fixed price contracts to deliver engineering services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. (see A.6.3.15).
- Valuation of recoverable income tax assets especially with respect to deferred tax assets on tax loss carry forwards. The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. The Group 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. (see A.6.5).
- Recognition and presentation of provisions and liabilities for pensions and other post-employment benefits. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. (see A.6.2.14.1).
- Recognition and presentation of provisions and liabilities and to the probability of expenses arising from warranty claims and claims from legal disputes. (see A.6.2.14).

These estimates and assumptions are based on the latest information available at the time that the consolidated financial statements were prepared. The assumptions and estimates are checked and updated regularly to accommodate any actual developments that may arise.

A.6.8 Subsequent events

The Company have not observed any subsequent event.

Signing of the financial statements

Mr. Andreas Heuser
(Managing Director)

Mr. Jacob Meint Buit
(Managing Director)

Mr. Laksh Vaaman Sehgal
(Managing Director)

Mr. Randolph Marie Thaddeus De Cuba
(Managing Director)

Mr. Bimal Dhar
(Member of Supervisory Board)

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

Ms. Geeta Mathur
(Member of Supervisory Board)

Mr. Kunal Malani
(Member of Supervisory Board)

Mr. Vivek Chaand Sehgal
(Member of Supervisory Board)

Standalone Financial Statements

For the year ended March 31, 2020

B.1 Statement of Financial Position

	Note	March 31, 2020	March 31, 2019
ASSETS			
Property, plant and equipment	**B.6.3.1**	355	355
Right of use Assets	**B.6.3.2**	15	-
Investments in subsidiaries	**B.6.3.3**	1,285,098	1,272,098
Loans to related parties	**B.6.3.4**	828,372	756,742
Other financial instruments	**B.6.3.5**	7,328	2,087
Other receivables and assets	**B.6.3.6**	106	584
Total non-current assets		**2,121,274**	**2,031,866**
Receivables from related parties		1,610	945
Other financial instruments	**B.6.3.5**	1,382	673
Other receivables and other assets	**B.6.3.6**	27,076	15,362
Cash and cash equivalents	**B.6.3.7**	148,154	99,240
Total current assets		**178,222**	**116,220**
Total assets		**2,299,496**	**2,148,086**
EQUITY AND LIABILITIES			
Subscribed capital	**B.6.3.8**	66	66
Share premium	**B.6.3.8**	900,910	900,910
Cash flow hedge reserve	**B.5**	3,656	(3,749)
Retained earnings	**B.5**	255,239	191,635
Total equity		**1,159,871**	**1,088,862**
Borrowings	**B.6.3.9**	959,249	949,713
Other financial instruments	**B.6.3.5**	-	5,422
Other liabilities	**B.6.3.10**	9,734	2,385
Total non-current liabilities		**968,983**	**957,520**
Borrowings	**B.6.3.9**	158,043	86,905
Lease Liabilities		15	-
Other liabilities	**B.6.3.10**	12,584	14,799
Total current liabilities		**170,642**	**101,704**
Total liabilities		**1,139,625**	**1,059,224**
Total equity and liabilities		**2,299,496**	**2,148,086**

The notes on pages 146 to 182 are an integral part of these financial statements.

B.2 Income Statement

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Service income	**B.6.4.1**	3,308	837
Dividend income	**B.6.4.2**	50,994	98,500
Personnel expenses	**B.6.4.3**	(1,897)	(406)
Depreciation on right of use assets		(16)	-
Other operating expenses	**B.6.4.4**	(3,120)	(3,567)
Earnings before interest and taxes		**49,269**	**95,364**
Finance income	**B.6.4.5**	51,991	45,306
Finance costs	**B.6.4.5**	(37,215)	(31,691)
Finance costs – net		**14,776**	**13,615**
Earnings Before Taxes (EBT)		**64,045**	**108,979**
Income taxes	**B.6.4.6**	(441)	-
Profit for the year		**63,604**	**108,979**

The notes on pages 146 to 182 are an integral part of these financial statements.

B.3 Statement of Comprehensive Income

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year after tax	**63,604**	**108,979**
Other comprehensive income / (loss)	**7,405**	**4,408**
Items that may be subsequently classified to Profit & Loss		
Cash flow hedges	7,405	4,408
Income tax relating to these items		-
Total comprehensive income for the year	**71,009**	**113,387**

The notes on pages 146 to 182 are an integral part of these financial statements.

B.4 Cash Flow Statement

	Note	Year-ended March 31, 2020	Year-ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes	**B.2**	**64,045**	**108,979**
Depreciation on right of use assets		16	-
Finance costs – net (excluding foreign exchange loss)	**B.6.4.5**	(14,532)	(6,752)
Dividend from subsidiaries	**B.6.4.2**	(50,994)	(98,500)
Foreign currency translation loss /(gain)		(643)	1,557
Net earnings before changes in working capital		**(2,108)**	**5,284**
Change in working capital			
Decrease /(increase) in receivables from related parties		(684)	117
Decrease /(increase) in other receivables and assets		23	203
Increase/(decrease) in other liabilities		(1,503)	(1,999)
Cash flow from operating activities before income tax		**(4,272)**	**3,605**
Income tax paid		(441)	-
Cash flow from operating activities (A)		**(4,713)**	**3,605**
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in subsidiaries	**B.6.3.3**	(13,000)	(194,916)
Dividend from subsidiaries	**B.6.4.2**	50,994	98,500
Loans given to subsidiaries		(426,417)	(546,006)
Repayment of loan given to subsidiaries		360,343	478,630
Interest received		39,975	38,194
Cash flow from investing activities (B)		**11,895**	**(125,598)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings	**B.6.3.9**	164,846	200,216
Repayment of long term borrowings	**B.6.3.9**	(164,459)	-
Proceeds from borrowings (net of repayments)	**B.6.3.9**	68,489	13,213
Lease Payment		16	-
Interest paid		(27,528)	(26,915)
Cash flow from financing activities (C)		**41,364**	**186,514**
Changes in cash and cash equivalents (A+B+C)		48,546	64,521
Cash and cash equivalents at beginning of period		99,240	39,008
Variation in cash and cash equivalents from translation in foreign currencies		368	(4,289)
Cash and cash equivalents at end of year	**B.6.3.7**	**148,154**	**99,240**

The notes on pages 146 to 182 are an integral part of these financial statements.

B.5 Statement of Changes in Equity

	Share capital	Share premium	Cash flow hedge reserve	Retained earnings	Total
As at April 01, 2018	**66**	**900,910**	**(8,157)**	**82,655**	**975,474**
Comprehensive income					
Profit for the year	-	-	-	108,980	108,980
Items that may be subsequently classified to Profit & Loss					
Cash flow hedge reserve	-	-	4,408	-	4,408
Total comprehensive income	**-**	**-**	**4,408**	**108,980**	**113,388**
Transactions with owners					
Shares issued during the year	-	-	-	-	-
As at March 31, 2019	**66**	**900,910**	**(3,749)**	**191,635**	**1,088,862**
As at April 01, 2019	**66**	**900,910**	**(3,749)**	**191,635**	**1,088,862**
Comprehensive income					
Profit for the year	-	-	-	63,604	63,604
Items that may be subsequently classified to Profit & Loss					
Cash flow hedge reserve	-	-	7,405	-	7,405
Total comprehensive income	**-**	**-**	**7,405**	**63,604**	**71,009**
Transactions with owners					
Shares issued during the year	-	-	-	-	-
As at March 31, 2020	**66**	**900,910**	**3,656**	**255,239**	**1,159,871**

The notes on pages 146 to 182 are an integral part of these financial statements.

B.6 Notes to the Financial Statements

B.6.1 General information and description of the business

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

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

B.6.2 Summary of Significant Accounting Policies

B.6.2.1 Basis of preparation

The financial statements of the Company comprise the period April 01, 2019 to March 31, 2020.

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

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

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

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

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

These financial statements have been approved for issue by SMRP BV's management and supervisory board on May 29, 2020.

B.6.2.2 Functional and presentation currency

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

B.6.2.3 Transactions in foreign currencies

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

B.6.2.4 Investments in subsidiaries

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

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

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

B.6.2.5 Financial assets and financial liabilities

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

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

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

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company had no such instruments.

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

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

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

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

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

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

Impairment

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

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

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

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

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

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

A.6.2.8.3 Derivative financial instruments

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

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

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

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

Cash flow hedges that qualify for hedge accounting

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

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

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

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

Derivatives that do not qualify for hedge accounting

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

B.6.2.6 Receivable from related parties

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

B.6.2.7 Cash and cash equivalents

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

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

B.6.2.8 Taxes

Current taxes are those taxes foreseeably payable on a year’s taxable income in accordance with the statutory tax rates or tax rates that had been substantially adopted as of the reporting date, as well as all adjustments to payable taxes in relation to previous reporting periods. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, the Group recognises a liability if it assesses that its tax positions may be challenged by the authorities and are more likely than not to result in an outflow of taxes, such liabilities are recorded as current tax liabilities in the financial position.

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

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

B.6.2.9 Recognition of income and expenses

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

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

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

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

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

B.6.2.10 Property, plant and equipment

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

B.6.2.11 Leases

The Company leases offices and vehicles. Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until March 31, 2019, leases were classified as either finance leases or operating leases. From April 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- adjusted for any remeasurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The leases of vehicles ae generally for a period of 3 years, the corresponding Right of Use assets are therefore depreciated over a period of 3 years.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

B.6.2.12 Changes in accounting policies and disclosures

The IASB has adopted the following changes to existing IFRS and adopted new IFRS standards, which have also already been adopted by the European Commission, thereby making their application mandatory as for Financial Year 2019-20 to the extent relevant for the Company.

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

The impact of the adoption of IFRS 16 and the new accounting policies are disclosed below. The other standards and changes did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

New standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2020 reporting period and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Adoption of IFRS 16

In January 2016, the IASB published IFRS 16 Leases, replacing IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease and other interpretations. IFRS 16 abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, IFRS 16 introduces a single lessee accounting model, requiring lessees to recognize assets for the right to use as well as leasing liabilities for the outstanding lease payments. This means that leases that were previously not reported in the Statement of Financial Position will have to be reported in the future – very similar to the current accounting of finance leases.

According to IFRS 16, a lessee may elect, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The lease payments associated with those leases are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

Right-of-use assets are measured at cost less any accumulated depreciation and if necessary any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities which are assigned to financing liabilities are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made.

Lease accounting for lessors has been taken over almost identically from IAS 17 into IFRS 16.

The Company has adopted the standard from April 1, 2019 without restating comparative amounts for the March 2019 as permitted by the modified retrospective approach.

The Company as lessee uses the following practical expedients of IFRS 16 at the date of initial application:

- With leases previously classified as operating leases according to IAS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 1, 2019. The respective right-of-use asset is generally recognized at an amount equal to the lease liability.
- An impairment review is not performed.
- Regardless of their original lease term, leases for which the lease term ends at the latest on March 31, 2020 were recognized as short-term leases.
- At the date of initial application, the measurement of a right-of-use asset excludes the initial direct costs.
- Current knowledge is given due consideration when determining the lease term if the contract contains options to extend or terminate the lease.

Key assumptions that the Company is applying for implementing the standard are as follows:

Terms: for each contract, the Company reviewed the renewal and the early termination options within the term of the arrangement and determined, after taking into account all the relevant facts and circumstances, what would be the date at which the Company reasonably expects the contract to be terminated. For certain categories of leased assets, (mainly vehicles), the Company assesses that there is no reasonably certain extension option, consequently the duration selected coincides with the first term of the lease contract. For real estate lease arrangements, the Company defines the reasonable end date of the contracts, while taking into account the renewal and early termination options stated in the agreements, in line with the asset's expected period of use.

Discount rates: the Company determined discount rates reflecting each subsidiary's specific credit risk, the currency of the contract and the weighted average maturity of the reimbursement of the lease liability. For the transition the incremental borrowing rate used is the rate applicable to the residual terms of the contracts.

For contracts previously classified as finance leases the Company has recognised the carrying amount of the right of use assets and lease liability at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Vehicles	Total
Recognised as at April 01, 2019 on account of adoption of IFRS 16	**31**	**31**

Following lease liabilities were recognised :

	April 01, 2019
Recognised on account of adoption of IFRS 16	**31**
Reclassified on account of adoption of IFRS 16	-
Lease liabilities	
Of which are :	
Current lease liabilities	31
Non-current lease liabilities	-

Set out below, are the amounts recognised in profit or loss:

	March 31, 2020
Interest expense (included in finance cost) recognized	0
Depreciation expense recognized	16
Rent expense derecognised	16
Decrease in profit for the period on account of IFRS 16	
Other items included in profit or loss	
Rent expense : short-term leases	27
Rent expense : leases of low value	-

As at the transition date April 01, 2019 following impacts were recognised in financial position on account of recognition of right of use assets, lease liabilities and reclassification of existing finance lease assets and liabilities as well as prepaid rent and lease equalisation reserve:

	March 31, 2019	April 01, 2019	Change
Property, plant & equipment	355	355	-
Right of Use asset	-	31	31
Borrowings (current and non-current)	1,036,618	1,036,618	-
Lease Liabilities	-	31	31

The Company had k€31 minimum lease payments under non-cancellable operating leases as at March 31, 2019. Upon transaction to IFRS 16 , the company recognised a lease liability of k€31.

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B.6.3 Disclosures regarding the Statement of Financial Position

B.6.3.1 Property, plant and equipment

	Land	Total
Cost		
At April 01, 2018	**355**	**355**
Additions	-	-
At March 31, 2019	**355**	**355**
Additions	-	-
At March 31, 2020	**355**	**355**

B.6.3.2 Right of use Assets

	Vehicle	Total
Cost		
At April 01, 2019	**31**	**31**
Additions	-	-
At March 31, 2020	**31**	**31**
Depreciation		
At April 01, 2019	**-**	**-**
Depreciation charge for the period	16	16
At March 31, 2020	**16**	**16**
Net block as at 31 March 2020	**15**	**15**

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B.6.3.3 Investment in subsidiaries

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

	Amount in €
At March 31, 2018	**1,077,182**
Investments during the year	194,916
At March 31, 2019	**1,272,098**
Investments during the year	13,000
At March 31, 2020	**1,285,098**

During the year, the Company contributed additional capital of k€ 13,000 (2019: k€ 21,898) into SMP Automotive Technology Ibérica, S.L.

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

B.6.3.3.1 Details of investments

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

Name of the entity	Share	March 31, 2020	March 31, 2019
Samvardhana Motherson Reflectec Group Holdings Limited	98.45%	905,716	905,716
Samvardhana Motherson Peguform GmbH	100%	3,804	3,804
SMP Automotive Interiors (Beijing) Co. Ltd	100%	6,000	6,000
SMP Automotive Technology Ibérica, S.L.	100%	196,560	183,560
SMP Automotive Systems México, S. A. de C. V.	00.00%	0	0
SMRC Automotive Holdings B.V.	85.26%*	145,052	145,052
SMRC Automotive Interiors Management B.V.	100%	27,966	27,966
Total		**1,285,098**	**1,272,098**

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

B.6.3.3.2 Impairment of investments

At the end of each reporting period, the Company performs a review of its investments to determine whether there were indications that any of these investments may have been impaired. The amount of impairment is the difference between the investments carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and the value in use. Calculation of recoverable amount is based on estimated future cash flows, discounted at the effective interest rate at the reporting date. As at the end of March 31, 2020 there were no indications of decline in the recoverable value and hence no impairment loss needs to be recognised in the financial statements.

B.6.3.3.3 Investments pledged as security

Shares in Samvardhana Motherson Reflectec Group Holdings Limited, Samvardhana Motherson Peguform GmbH, SMP Automotive Technology Ibérica, S.L. and SMRC Automotive Holdings B.V. have been pledged as security for borrowings, refer Note B.6.3.9 for details.

B.6.3.4 Loans to related parties

	March 31, 2020	March 31, 2019
Non-current		
Loans to related parties	828,372	756,742

The loans are given to subsidiaries and carry varying rates of interest from 2.00% to 9.02% determined on the basis of credit risk of the relevant subsidiary and costs of borrowings to the Company. The loans are revolving in nature and governed by a master agreement which provides for an ultimate repayment date extending beyond 12 months after March 31, 2020 and hence classified as non-current. The Company's receivables are from its subsidiaries for which credit risk is perceived as insignificant. The maximum exposure to the credit risk is the carrying value of the loans.

B.6.3.5 Other financial instruments

	March 31, 2020		March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Cross currency swaps	7,328	-	2,087	5,422
Current				
Cross currency swaps	1,382	-	673	-

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

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

Please refer note B.6.5.3 for more details.

B.6.3.6 Other receivables and assets

	March 31, 2020	March 31, 2019
Non-current		
Unamortised borrowing costs	104	576
Deposits	2	8
Total	**106**	**584**
Current		
Interest receivable from subsidiaries	26,571	14,840
Unamortised borrowing costs	473	474
Prepaid expenses	21	48
Vat Receivable	11	-
Total	**27,076**	**15,362**

The carrying values approximately correspond to the fair values.

B.6.3.7 Cash and cash equivalents

	March 31, 2020	March 31, 2019
Cash at bank	148,154	99,240
Total	**148,154**	**99,240**

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

Cash and cash equivalents are pledged as security in respect of borrowings, refer Note B.6.3.9 for details.

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B.6.3.8 Equity

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

Movement during the period can be summarised as follows:

	Number of equity shares (in No.s)	Share Capital (in €'000)
As at March 31, 2018	**66,176**	**66**
Add: Issued during the year	-	-
As at March 31, 2019	**66,176**	**66**
Add: Issued during the year	-	-
As at March 31, 2020	**66,176**	**66**

Share premium

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

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

Cash flow hedge reserve

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

Retained earnings

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

B.6.3.8.1 Differences between the company equity and the Company's consolidated equity

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

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

	March 31, 2020	March 31, 2019
Equity in accordance to the consolidated financial statements	731,935	787,817
Add: negative net asset values of consolidated subsidiary companies	(502,822)	(519,624)
Add: not realised cumulative intercompany results	930,758	820,669
Equity in accordance to the company financial statements	**1,159,871**	**1,088,862**

B.6.3.8.2 Difference in results

	Year ended March 31, 2020	Year ended March 31, 2019
Result for the year in accordance to the consolidated financial statements	(4,157)	102,679
Result of consolidated subsidiary companies	(42,328)	(121,950)
Results on Intercompany transactions	110,089	128,250
Result for the year in accordance to the company financial statements	**63,604**	**108,979**

B.6.3.9 Borrowings

	March 31, 2020	March 31, 2019
Non-current		
Notes (at amortized cost)	755,384	747,029
Term Loan from banks	53,865	52,684
Loans from related parties	150,000	150,000
Non-current borrowings	**959,249**	**949,713**
Current		
Bank loans	50,000	62,405
Loans from related parties	108,043	24,500
Current borrowings	**158,043**	**86,905**

(i) Secured liabilities and assets pledged as security

a) Notes

The Notes are structured as senior secured obligations and rank 'pari passu' in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the Revolving Credit Facility. The Notes are guaranteed on a senior secured basis by certain subsidiaries of SMRP BV and are secured by share pledge and security interests granted over certain property and assets of SMRP BV and certain of its subsidiaries. As of March 31, 2020, the Company has issued below mentioned notes which were outstanding on the date referred –

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

b) Term Loan

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

c) Bank Loans

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

d) Loans from related parties

Loans from related parties represents unsecured loan amounting to Euro 150 million obtained from one of the shareholders, Samvardhana Motherson Global Holdings Ltd., Cyprus (SMGHL) at an interest rate of 5.13% p.a. (reduced from 5.99% p.a. on account of transfer pricing analysis) and maturing on 19th June 2026.

Further the Company also received loans from its subsidiaries during the year and previous year. As of March 31, 2020 there was an outstanding of k€ 108,043 in respect of such loans.

(ii) Fair value

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

	March 31, 2020		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
€ 100 million	98,721	86,583	98,473	92,504
US$ 400 million	361,513	344,637	354,686	357,356
€ 300 million	295,150	238,584	293,870	264,237

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

As at March 31, 2020	Level 1	Level 2	Level 3
€ 100 million	-	-	86,583
US$ 400 million	344,637	-	-
€ 300 million	238,584	-	-

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

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

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

Net debt reconciliation

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

	March 31, 2020	March 31, 2019
Cash and cash equivalents	148,154	99,240
Borrowings – repayable within one year	(158,043)	(86,905)
Borrowings – repayable after one year	(959,249)	(949,713)
Net Debt	**(969,138)**	**(937,378)**

	Cash and Cash equivalents	Notes	Other Borrowings	Loans from related parties	Total
Net debt as at April 01, 2018	**39,008**	**713,367**	**69,218**	**-**	**743,577**
Cash flows	64,521	-	38,927	174,500	148,906
Foreign exchange adjustments	(4,289)	31,752	6,849	-	42,890
Other non-cash movements	-	1,910	95	-	2,005
Net debt as at March 31, 2019	**99,240**	**747,029**	**115,089**	**174,500**	**937,378**
Cash flows	48,546	-	(15,182)	84,058	20,330
Foreign exchange adjustments	368	6,050	3,689	(515)	8,856
Other non-cash movements	-	2,305	269	-	2,574
Net debt as at March 31, 2020	**148,154**	**755,384**	**103,865**	**258,043**	**969,138**

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

B.6.3.10 Other liabilities

	March 31, 2020	March 31, 2019
Non-current		
Interest on loans from related parties (note 1 below)	9,734	2,385
Total	**9,734**	**2,385**
Current		
Interest and commitment fee on borrowings	11,013	11,114
Accrued expenses	795	2,164
Other payables	776	1,521
Total	**12,584**	**14,799**

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

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B.6.4 Disclosures regarding the Income Statement

B.6.4.1 Service income

	Year ended March 31, 2020	Year ended March 31, 2019
Management Services	3,308	837
Total	**3,308**	**837**

B.6.4.2 Dividend income

	Year ended March 31, 2020	Year ended March 31, 2019
Samvardhana Motherson Peguform GmbH	40,000	39,000
SMP Automotive Technology Ibérica, S.L.	6,575	4,500
SMRC Automotive Holdings B.V.	-	55,000
SMP Automotive Interiors (Beijing) Co. Ltd	4,419	-
Total	**50,994**	**98,500**

B.6.4.3 Personnel expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	1,642	296
Social security costs	220	64
Other expenses	35	46
Total	**1,897**	**406**

For the year ended March 31, 2020 the Company has employed 5 persons (March 31, 2019 : 3 employees) based out of the Netherlands.

B.6.4.4 Other operating expenses

	Year ended March 31, 2020	Year ended March 31, 2019
General and administration expenses	1,330	1,944
Lease expense	27	41
Auditors remuneration	420	486
Foreign exchange loss (net)	-	12
Legal and professional expenses	1,343	1,084
Total	**3,120**	**3,567**

During the year ended March 31, 2020, following amounts were recorded in respect of fee (excluding VAT) paid to auditor for various services

	Ernst & Young Accountants LLP	Other EY Network	Total EY Network
Audit of the financial statements	140	174	314
Tax services	-	-	-
Other non-audit services[1)]	-	90	90
Total	**140**	**264**	**404**

[1)] Included in legal and professional expenses

During the year ended March 31, 2019, following amounts were recorded in respect of fee (without VAT) paid to auditor for various services

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

[1)] Included in legal and professional expenses

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

B.6.4.5 Finance income and costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income	51,747	38,443
Foreign exchange gain (net)	244	6,863
Total finance income	**51,991**	**45,306**
Interest on lease liability*	-	-
Interest expense on borrowings	34,871	29,244
Amortisation of borrowing costs	2,344	2,447
Total finance costs	**37,215**	**31,691**

* Interest on lease liabilities is € 296

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

B.6.4.6 Income taxes

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

The income tax expense comprises the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense	-	-
Withholding Tax	441	-
Deferred tax expense	-	-
Total	**441**	**-**

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

	Year ended March 31, 2020	Year ended March 31, 2019
Earnings before tax	64,045	108,979
Tax at rate of 25%[a)]	16,012	27,245
Utilisation of previously unrecognised tax losses	(4,461)	(2,620)
Tax impact on dividends (exempt from tax)	(12,749)	(24,625)
Tax effect of amounts which are not deductible in calculating taxable income	1,198	-
Withholding tax	441	-
Tax expense	**441**	**-**

a) Tax rate is the general corporate tax rate applicable in the Netherlands, the country of domicile of SMRP BV.

The expiry date of unused tax losses is as below:

Expiry date	Amount
Next 1 year	-
Next 2 years	-
Next 3 years	-
Next 4 years	-
Next 5 years	-
Next 6 years	15,545
Next 7 years	-
Total unused tax losses*	**15,545**

*subject to finalisation of tax returns

B.6.5 Other disclosures
B.6.5.1 Financial instruments

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

Financial instruments	March 31, 2020	March 31, 2019
FINANCIAL ASSETS		
Financial assets at amortised cost		
Loans to related parties	828,372	756,742
Receivables from related parties	1,610	945
Other receivables	27,182	14,848
Cash and cash equivalents	148,154	99,240
Derivative financial instruments		
Used for hedging	8,710	2,760
FINANCIAL LIABILITIES		
Liabilities at amortised cost		
Borrowings		
Notes	755,384	747,029
Term loans	53,865	52,684
Bank loans	50,000	62,405
Other loans	258,043	174,500
Other liabilities	22,318	17,184
Derivative financial instruments		
Used for hedging	-	5,422

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

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

B.6.5.2 Contingent Liabilities

The Company has issued senior secured notes and entered into term loan and revolving credit facilities agreements. As per the terms of the agreements, the Company is the initial guarantor to these borrowings and has provided security of its bank accounts along with assets of certain of its subsidiaries for these borrowings. Refer Note B.6.3.9 for details on the arrangement.

The Company has further given corporate guarantees to various financial institutions in respect of working capital facilities and/or letters of credit extended by those financial institutions to the Company's subsidiaries. As at March 31, 2020 total amount of such corporate guarantees outstanding was k€ 4,710 (March 31, 2019 : k€ 13,281) representing the utilised limits of those facilities.

The Company has acted as surety in respect of subsidy received by one of its subsidiary, which limits the total liability of the Company to the amount of subsidy. As at March 31, 2020 the Company may be contingently liable for k€ 29,365 (March 31, 2019 : k€ 26,778) in the event of non-compliance of subsidy conditions by the subsidiary.
For such financial guarantees issued by the Company, there is no default expected and therefore the financial guarantees are not recognised in the financial statements.

B.6.5.3 Risk management with respect to financial risks

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

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

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

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

Credit risk

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

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

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

	Total	Not overdue	Over due				
			< 30 days	30-90 days	90-180 days	180-360 days	>360 days
March 31, 2020							
Receivables from related parties	1,610	1,369	198	43	-	-	-
Cash and cash equivalents	148,154	148,154	-	-	-	-	-
Interest receivable	26,571	20,362	-	2,077	2,077	2,055	
Deposits	2	2	-	-	-	-	-
March 31, 2019							
Receivables from related parties	945	614	-	80	-	-	251
Cash and cash equivalents	99,240	99,240	-	-	-	-	-
Interest receivable	14,840	10,404	-	2,218	2,206	-	12
Deposits	8	8	-	-	-	-	-

Liquidity risk

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

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

Financial Liabilities	March 31, 2020			
	Less Than 1 Year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings	176,074[1)]	774,960	301,678	**1,252,712**
Lease Liabilities	15	-	-	**15**
Other liabilities	12,584	-	9,734	**22,318**
Total	**188,673**	**774,960**	**311,412**	**1,275,045**
Derivative financial liabilities	-	-	-	**-**

[1)] Accrued interest as of March 31, 2020 is included in other financial liabilities

Financial Liabilities	March 31, 2019			
	Less Than 1 Year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings	103,733[2)]	488,454	625,696	**1,217,883**
Other liabilities	14,799	-	2,385	**17,184**
Total	**118,532**	**488,454**	**628,081**	**1,235,067**
Derivative financial liabilities	(5,128)[1)]	(4,225)	-	**(9,353)**

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

Market risk

Interest rate risk

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

Foreign currency risk

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

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

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

As at March 31, 2020

Carrying amount of Hedge instrument		Nominal value of hedging instrument	Maturity date	Hedge ratio	Weighted average strike price	Changes in fair value of hedging instrument	Change in the value of hedged item
Assets	**Liabilities**						
3,240	-	US$ 175 million	15 December 2021	1:1	1.11	(8,661)	8,818
1,382	-	US$ 60 million	15 June 2020	1:1	1.13	(1,382)	1,383
4,088	-	US$ 60 million	29 August 2023	1:1	1.17	(2,002)	2,166

As at March 31, 2019

Carrying amount of Hedge instrument		Nominal value of hedging instrument	Maturity date	Hedge ratio	Weighted average strike price	Changes in fair value of hedging instrument	Change in the value of hedged item
Assets	**Liabilities**						
-	5,422	US$ 175 million	15 December 2021	1:1	1.11	(17,947)	17,680
673	-	US$ 60 million	15 June 2020	1:1	1.14	(5,371)	5,371
2,087	-	US$ 60 million	29 August 2023	1:1	1.17	(2,087)	1,953

Cash flow hedge reserve

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

Opening Balance as at April 01, 2018	**(8,157)**
Add: change in fair value of hedging instrument recognised in OCI for the year (effective portion)	25,270
Less: reclassification to foreign exchange gain (finance costs – net)	(20,862)
Closing balance as at March 31, 2019	**(3,749)**
Add: change in fair value of hedging instrument recognised in OCI for the year (effective portion)	11,388
Less: reclassification to foreign exchange gain (finance costs – net)	(3,983)
Closing balance as at March 31, 2020	**3,656**

During the year, hedge ineffectiveness loss of k€16 (March 31, 2019 : gain k€134) was recognised in the statement of profit or loss. The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. The Company uses the hypothetical derivative method to assess effectiveness.

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

In USD	March 31, 2020	March 31, 2019
Loans and other receivables	400,563	249,020
Borrowings	182,000	235,000
Other payables	2,364	2,775

The Company conducted sensitivity analyses at year-end to estimate the currency risk of these monetary financial instruments. If the Euro were to depreciate by 10% against the USD, receivables would increase by k€ 40,355 as on March 31, 2020 and if it were to appreciate by 10%, receivables would decrease by k€ 33,017. If the USD were to depreciate by 10% against the Euro, borrowings and payables would increase by k€ 18,573 as on March 31, 2020 and if it were to appreciate by 10%, borrowings and payables would decrease by k€ 15,197. Net impact on equity would be gain of k€ 19,272 and a loss of k€ 23,555 in the mentioned two conditions respectively.

Capital management

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

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

The Company is not subject to any capital requirements on the basis of its Articles of Incorporation. Certain capital requirements are contractually imposed in loan agreements with the financial institutions. As per the terms of the Term Loan and Revolver Credit Facilities referred to in note B.6.3.9, the Company is required to maintain financial covenants of net leverage ratio not exceeding 3.25x and net interest cover ratio more than 3.0x calculated on the Company's consolidated financial statements. For more details refer note A.6.6.3 of the Consolidated Financial Statements.

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

As at March 31, 2020 both the covenants have been met.

B.6.5.4 Related parties

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

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

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

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

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

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

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

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

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

B.6.5.4.1 Details of related party transactions

	Year ended March 31, 2020					
	Fellow Subsidiaries	Key management personnel	Immediate Parent	Other related parties	Subsidiaries	Total
Services rendered	-	-	-	-	3,308	**3,308**
Interest on loans given	-	-	-	-	51,747	**51,747**
Dividend received	-	-	-	-	50,994	**50,994**
Services received	110	-	-	-	-	**110**
Legal and professional expenses		-	-	-	-	**-**
Interest on loans taken	-	-	9,363	-	579	**9,942**
General administration expenses	86	-	-	84	708	**878**
Directors fee	-	162	-	-	-	**162**
Loans given	-	-	-	-	426,417	**426,417**
Loans received back	-	-	-	-	(354,786)	**(354,786)**
Loans taken	-	-	164,846	-	151,695	**316,541**
Loans repaid	-	-	(164,459)	-	(68,024)	**(232,483)**

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

B.6.5.4.2 Details of related party balances

	As at March 31, 2020					
	Fellow Subsidiaries	Key management personnel	Immediate Parent	Other related parties	Subsidiaries	Total
Receivables	-	-	-	-	1,610	**1,610**
Interest receivable	-	-	-	-	26,571	**26,571**
Interest Payable		-	9,734	-	256	**9,990**
Loans receivable	-	-	-	-	828,372	**828,372**
Other payables	18	-	200	45	37	**300**
Loans Payable	-	-	150,000	-	108,043	**258,043**

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

B.6.6 Accounting estimates and evaluations

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

- Impairment of financial assets:

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

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

B.6.7 Subsequent Events

The Company have not observed any subsequent event.

Signing of the financial statements

Mr. Andreas Heuser
(Managing Director)

Mr. Jacob Meint Buit
(Managing Director)

Mr. Laksh Vaaman Sehgal
(Managing Director)

Mr. Randolph Marie Thaddeus De Cuba
(Managing Director)

Mr. Bimal Dhar
(Member of Supervisory Board)

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

Ms. Geeta Mathur
(Member of Supervisory Board)

Mr. Kunal Malani
(Member of Supervisory Board)

Mr. Vivek Chaand Sehgal
(Member of Supervisory Board)

ABBREVIATIONS

€	Euro (European currency)
k€	Thousands of Euros
$	US Dollar (US currency)
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
EU	European Union

Abbreviations used for companies

SMRP BV or SMRP BV Group	Samvardhana Motherson Automotive Systems Group B.V. & its subsidiaries
SMR or SMR Group	Samvardhana Motherson Reflectec Group Holdings Limited & its subsidiaries
SMP Group	Samvardhana Motherson Peguform GmbH & its subsidiaries, SMP Automotive Technology Ibérica S.L. & its subsidiaries and SMP Automotive Interiors (Beijing) Co. Ltd.
SMPL	Samvardhana Motherson Polymers Limited, India
SMGHL	Samvardhana Motherson Global Holdings Ltd, Cyprus
MSSL	Motherson Sumi Systems Limited, India
SAMIL India	Samvardhana Motherson International Limited, India
SMG	Samvardhana Motherson Group
SMRC	Samvardhana Motherson Reydel Companies

Independent auditor's report

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

Report on the audit of the financial statements for the year ended March 31, 2020 included in the annual report

Our opinion

We have audited the financial statements for the year ended March 31, 2020 of Samvardhana Motherson Automotive Systems Group B.V. (the company), incorporated in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Samvardhana Motherson Automotive Systems Group B.V. as at March 31, 2020, and of its result and its cash flows for the year ended March 31, 2020, in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
- The consolidated and company statement of financial position as at March 31, 2020
- The following statements for the year ended March 31, 2020: the consolidated and company income statement, the consolidated and company statement of comprehensive income, the consolidated and company cash flow statement and the consolidated and company statement of changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

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

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

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

Our audit approach

Our understanding of the business

Samvardhana Motherson Automotive Systems Group B.V. is among the world's leading tier one supplier of rear-view vision systems and interior and exterior modules (including door panels, instrument panels and bumpers) to automotive original equipment manufacturers.

The group is structured in group entities and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to 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.

Materiality

Materiality	€11.0 million (2018/2019: €12.7 million)
Benchmark applied	Approximately 5% of consolidated profit before taxes excluding Greenfields
Explanation	We consider an earnings-based measure, particularly profit before taxes, as the appropriate basis for determining our materiality because the users of the financial statements of profit-oriented entities tend to focus on operational performance

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

We agreed with the supervisory board that misstatements in excess of €600 thousand which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility
Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.
Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks
In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control. As in all of our audits, we addressed the risk of management override of internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and directors of group entities) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption.

In our risk assessment we considered the potential impact of performance-based bonus schemes which the company has in place at certain components. Furthermore, as Samvardhana Motherson Automotive Systems Group B.V. is a global company, operating in multiple jurisdictions, we considered the risk of bribery and corruption.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note A.6.7 to the consolidated financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern
In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we considered 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, including the impact of COVID-19, may cause a company to cease to continue as a going concern.

Scope of the group audit

Samvardhana Motherson Automotive Systems Group B.V. is the parent of a group of legal entities. The financial information of this group is included in the consolidated financial statements of Samvardhana Motherson Automotive Systems Group B.V. The company is organized along operating segments and has identified three reportable segments being SMP Group (including SMRC), SMR Group and others.

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

All significant group entities were included in the scope of our group audit. We identified eighteen group entities, which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed on five entities. Review procedures were performed on the remaining entities.

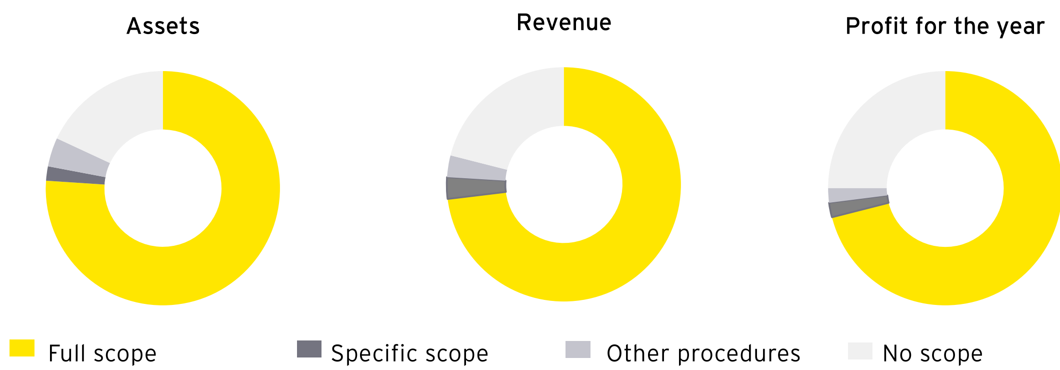
In establishing the overall approach to the audit, we determined the work to be performed by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our coordination and supervision.

We have performed the following procedures:

- The group consolidation, financial statements and disclosures are audited by the group engagement team.
- The key audit matter on (de-)recognition of trade receivables is audited by the respective component teams and the recoverability of property, plant and equipment, with particular reference to greenfield locations is reviewed by the group engagement team.
- The group engagement team visited EY India and SMR segment management team.
- The group engagement team organized virtually meetings with the local management and the auditors of the following components which are significant based on size and/or their related risk: SMP Deutschland GmbH, SMP Hungary Bt, SMR Hungary Bt and SMP Automotive Systems USA Inc. For each of these locations we reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed.
- The group engagement team reviewed the sub consolidation procedures performed for SMP, SMR and SMRC.

The entities included in the group audit scope represent 79% of the group's total assets, 82% of net revenues and 75% of profit before taxes.

The scope of the procedures performed is detailed in the graphs reported below.



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

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the automotive industry. We included specialists in the areas of IT audit and income tax and have made use of our own experts in the areas of valuations and actuaries.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters

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

The key audit matter acquisition of the Reydel Automotive Group (SMRC) which was included in our last year's auditor's report, is not considered a key audit matter for this year as the transaction including the purchase price allocation was performed last year and therefore no longer considered as a key audit matter. This year we included the key audit matter in relation to Recoverability of property, plant and equipment, with particular reference to greenfield locations. Due to the significant estimation required, the possible impact and additional audit effort we have included this key audit matter this year.

The key audit matters mentioned below are addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(De-) recognition of trade receivables Note A6.2.8 and Note 6.3.7 in the annual report	
Risk	As at March 31, 2020 the Group had factoring agreements in place for trade receivables. At March 31, 2020 a total of €430 million of trade receivables was de-recognized by using these agreements. The assessment of de-recognition of trade receivables under the factoring agreements is complex and requires judgment. The balances are material for the financial statements. The disclosures in relation to trade receivables are included in notes A6.2.8 and A.6.3.7.
Our audit approach	We designed the following audit procedures to be responsive to this risk: ▶ We obtained an understanding of the process related to (de-) recognition of financial instruments in the area of trade receivables ▶ We evaluated the assessment made by management for each significant location ▶ We tested the nature of the contracts if they qualify as recourse or non-recourse agreements and if the accounting is in line with IFRS 9 ▶ For significant contracts, we tested a sample of contracts to determine that the accounting applied by management is appropriate and in line with IAS 32 and IFRS 9 ▶ We tested the supporting documents of the factoring fees in relation to trade receivables and the accounting treatment thereof ▶ We considered the appropriateness of the company's disclosures in accordance with IFRS 7. ▶ We tested the documentation of the factoring fees in relation to trade receivables and the accounting treatment thereof We involved EY specialists to assist both the group and component audit teams in performing these procedures.
Key observations	Based on the procedures performed, we concluded that the trade receivables, at March 31, 2020, are materially correct and disclosed adequately.

Recoverability of property, plant and equipment, with particular reference to greenfield locations Note A.6.3.2 in the annual report	
Risk	At March 31, 2020, the recorded amount of property, plant and equipment was €1,454 million, of which the greenfield locations amount to €300 million. These amounts have primarily been allocated to the company's cash generating units ('CGU') that align with the operating segments (SMP, SMR and others) as set out in notes A.6.6.4 of the consolidated financial statements. Auditing management's assessment of the recoverability of property, plant and equipment with reference to greenfield locations was complex and highly judgmental due to the significant estimation required to determine the Value-In-Use ('VIU') of the CGUs. In particular, the determination of the VIU was sensitive to significant assumptions, such as changes in the discount rate, revenues (pricing and volume growth), operating margin and terminal value, which are affected by expectations about future market or economic conditions including COVID-19 impact, particularly those related to the greenfield projects.
Our audit approach	We obtained an understanding, evaluated the design of the operating effectiveness of controls over the company's Property, plant and equipment, including controls over management's review of the significant assumptions described above. To test the determination of the VIU of the Company's CGUs, we performed audit procedures that included, among others, evaluating the CGUs identified in the current year and testing the allocation of assets and liabilities to the carrying value of each CGU. We assessed the impairment methodology applied by the Company and obtained an understanding of the analysis performed by management for the purposes of the impairment assessment. We assessed the remaining cashflow forecasts for each CGU for the period 2020-2025 compared to industry forecasts (including COVID-19 impact), and evaluated the historical accuracy of the Company's forecasts by comparison to actual results. We assessed the operational margins, discount rates and revenue growth applied within the model, with the support of valuation specialists, by performing independent calculations and sensitivity analyses, as well as the adequacy of the disclosures made by the company in this area, in particular those related to reasonably possible changes in key assumptions that could lead to an impairment of Property, plant and equipment.
Key observations	Based on the results of our work, we agree with the Company's conclusion that property, plant and equipment is recoverable and no impairment is required in the current year. With regard to the greenfield projects, as the carrying amount of the Property, plant and equipment is sensitive to certain assumptions, primarily the expected price increases, we concur with the additional disclosure in Note A.6.3.2 to the consolidated financial statements.

Emphasis of matter relating to uncertainty about Corona
The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The financial statements and our auditor's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty. Samvardhana Motherson Automotive Systems Group B.V. is confronted with this uncertainty as well, that is disclosed in the directors' report and risks related to business, strategy and operations, and note A6.2.1. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Report on other information included in the annual report
In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The directors' report
- Management and discussion analysis (including operating and financial overview)
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

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

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

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The "Our audit approach" section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

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

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

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

Rotterdam, May 29, 2020

Ernst & Young Accountants LLP

signed by P.W.J. Laan

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