Samvardhana Motherson Automotive Systems Group BV

Interim
REPORT

QUARTER AND NINE MONTHS ENDED
December 31, 2016
(April 1, 2016 to December 31, 2016)

Samvardhana Motherson Automotive Systems Group BV






Contents

OPERATING OVERVIEW

BUSINESS OVERVIEW

Samvardhana Motherson Automotive Systems Group BV together with it's 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 largest India-based global Tier 1 automotive supplier. We have long-term relationships with 14 of the top 15 global OEMs by 2015 production volume and our OEM customers collectively represented over 85% of global automotive production in 2015. We currently supply our products to over 650 vehicle programs. 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, BMW, Jaguar Land Rover, Porsche, Mercedes-Benz 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 48 production facilities and 11 module centres spread across 18 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: SMR division produces a wide range of rear view vision systems primarily for light vehicles. SMR is a leading global supplier of exterior mirrors, with a global market share of 24% by volume in 2015. 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 can 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. SMR's focus on research & development and customer collaboration has resulted in various first-to-market innovations and a variety of full system solutions tailored to the needs of OEMs and end consumers, including Blind Spot Detection Systems (BSDS) and Telescopic Trailer Tow (TTT) mirrors.
From its division headquarters in Stuttgart, Germany, SMR operated 21 manufacturing facilities and 2 module centres with presence in 16 countries and employed 10,099 people as of December 31, 2016.







SMP

Samvardhana Motherson Peguform

Interior and exterior modules: 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, with a global market shares of 27%, 10% and 18%, respectively, by volume in 2015. 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 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.

On January 02, 2017 SMP through its subsidiaries acquired 100% of the issued share capital of Kobek Siebdruck GmbH & Co. KG (hereinafter 'Kobek'). Kobek is a specialist in lightning solutions and has been a supplier to the SMP subsidiaries. Through this acquisition the Group would be able to leverage the potentials of the unique lighting technology of Kobek combined with its product portfolio to add value and provide innovative solutions to its customers. SMP Group through one of its subsidiaries already delivers illuminated/non-illuminated interior in-mold decoration parts for some of the Global platforms. This acquisition will enhance product portfolio with more value addition and increased vertical integration.

The key technologies used at Kobek includes unique LED-based solution that provides shadow-free and uniform diffused lighting over an entire slim-mount panel. Processing of Plexiglas or other plastics including dust-free printing, scratchproof coatings and precise milling or laser cutting among others.

Due to strong synergies between product portfolio and manufacturing technologies, Kobek would be considered as part of SMP for the purpose of review by the Chief Operating Decision Makers ("CODM") in taking strategic decisions.

SMP holds 50% shareholding in Celulosa Fabril (Cefa) S.A. (hereinafter 'CEFA'). On Dec 20, 2016 SMP acquired majority control over the board of directors of CEFA.

CEFA was treated as a joint venture in the consolidated financial statements of the Group prior to December 20, 2016 and accounted for using equity method.

As a result of above event, SMP through its subsidiaries is regarded parent of CEFA within the framework of IFRS 10 and accordingly CEFA along with its subsidiary Modulos Ribera Alta S.L.U. is treated as a subsidiary of SMP. The acquisition of additional control did not involve payment of any further purchase consideration.

With effect from December 20, 2016, being the date of acquisition of control, the assets and liabilities of CEFA have been consolidated. The assets and liabilities of CEFA have been consolidated using provisional amounts as the exercise for determining fair valuation of the assets and liabilities (other than cash) was still in progress as on the date of issue of these interim unaudited condensed consolidated financial statements.

There were no significant revenue transaction from Dec 20, 2016 to Dec 31, 2016 and therefore income statement has not been consolidated.

SMP operated 27 manufacturing facilities and 9 module centres in 9 countries and employed 13,358 people as of December 31, 2016.

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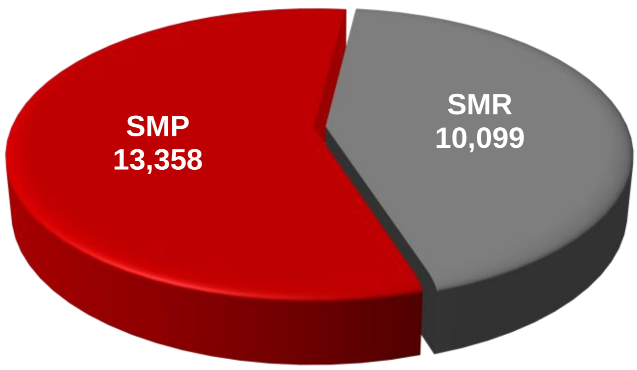
MANAGEMENT TEAM & EMPLOYEES

SMRP BV Group benefits from a strong professional management team, with average automotive industry experience among senior managers of over 25 years. The majority of the senior management team have been with the group or its legacy businesses for several years, demonstrating a high degree of continuity and commitment in leadership. Company's management team has a demonstrated track record of achieving improved financial results and has solidified the customer relationships of SMR and SMP as well as enhancing their respective local management teams. 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. SMRP BV Group's strategy is to empower local management, ensuring they have ownership of day-to-day operational decisions while being guided by central principles aligned to the Group's vision and strategy. The Group believe that the strength of management team combined with decentralized business model is an enabler to taking advantage of strategic market opportunities, to making decisions at the local level quickly and to better serve our customers.

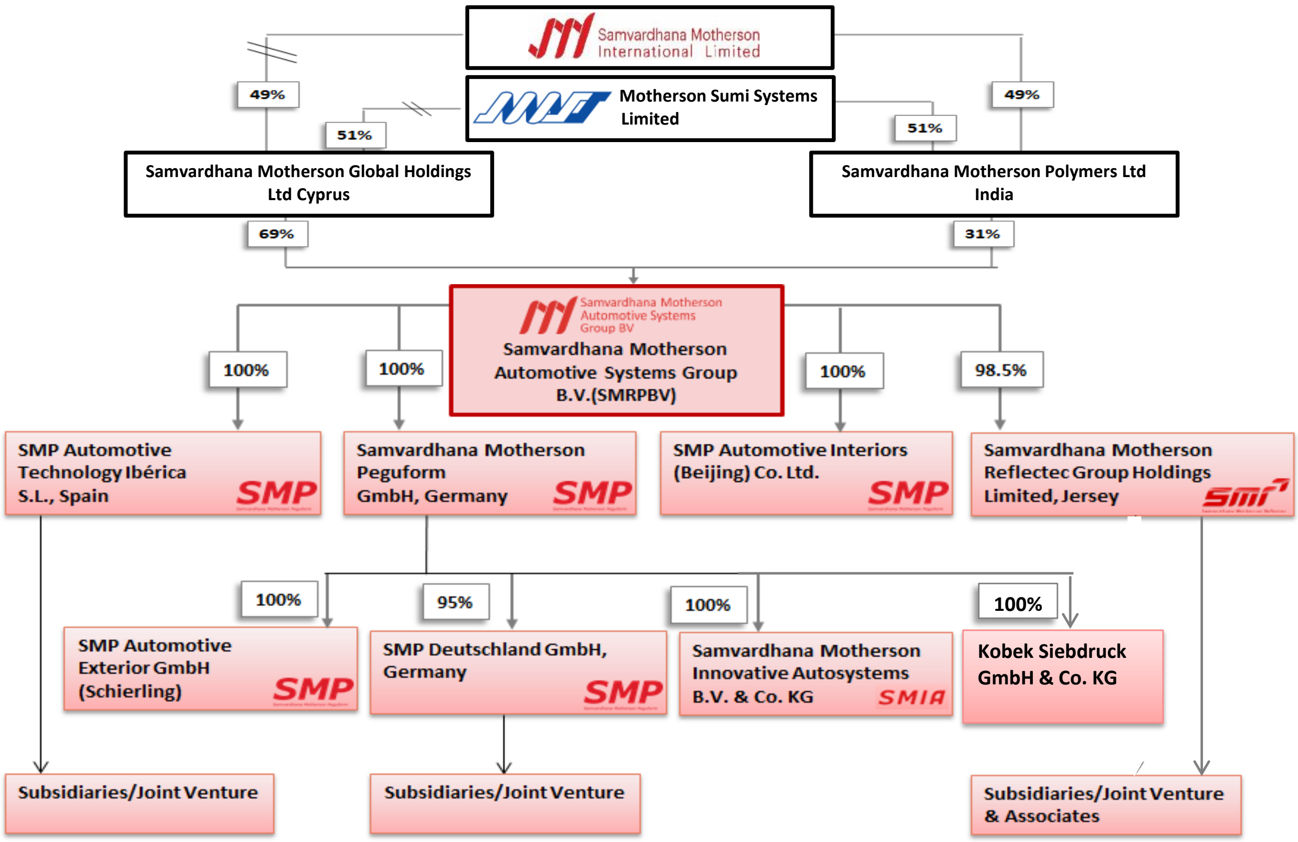
From time to time, the company employs staff on short-term basis to meet the demand for the products. These employees are typically employed under fixed-term contracts, generally of up to twelve months in duration which allows operational flexibility to meet customer demand.

As on December 31, 2016, SMRP BV Group had a total of 23,457 employees. The following chart sets out the total number of persons employed by the company in SMP and SMR businesses:



GROUP STRUCTURE

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



Corporate Structure as at date of this report and is not a legal structure

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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 SMG
2.	Bimal Dhar	Director and Chief Executive Officer-SMP
3.	Cezary Zawadzinski	Director and Chief Operating Officer-SMR
4.	G.N. Gauba	Director
5.	Kunal Malani	Director

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

AUDITORS :

The statutory auditors of the company are :

PricewaterhouseCoopers Accountants N.V.
Fascinatio Boulevard 350,
3065 WB Rotterdam,
P.O. Box 8800,
3009 AV Rotterdam,
The Netherlands

REGISTERED OFFICE :

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

GEOGRAPHICAL FOOTPRINT

SMRP BV Group operate 48 manufacturing facilities across 18 countries and 11 module centres. Out of 48 manufacturing plants, SMR operates 21 manufacturing plants, SMP operates 27 manufacturing plants (including 2 manufacturing plants of SMIA). These includes two new Greenfield plants in Kecskemet (Hungary) and Tuscaloosa (USA) to cater to new customer orders. Construction has been started for both the projects and is running as per the project schedule.

During nine months ended December 31, 2016, SMP group has started the commercial production from its Greenfield plant at Zitlaltepec, Mexico for manufacture of bumpers, rocker panels, roof spoilers and wheel covers. It has also started the commercial production from its Greenfield plant at Beijing, China for manufacture of door panels. SMR group has also started commercial production from its brownfield plant in Noida, India for external rear view mirrors.

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.

SMRP BV Group intends to continue to expand global footprint in line with the international expansion of main OEM customer's production footprint, particularly in emerging markets in Americas & Asia Pacific region.

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

Above information is as at December 31, 2016

FINANCIAL OVERVIEW FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

Samvardhana Motherson Automotive Systems Group BV's Board has approved its unaudited interim financial statements for the period ended December 31, 2016. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS EU").

SUMMARY FINANCIALS

Following are the summary financials for the quarter and nine months ended December 31, 2016:

Income Statement	3M ended Dec 31, 2015			3M ended Dec 31, 2016		
€ millions	SMRPBV	SMP	SMR	SMRPBV	SMP	SMR
Revenue	1,036.2	681.7	355.2	1,163.2	756.8	407.0
EBITDA	**76.4**	**38.5**	**37.9**	**91.5**	**45.2**	**46.3**
% to Revenue	**7.4%**	**5.6%**	**10.7%**	**7.9%**	**6.0%**	**11.4%**
Startup cost for greenfield[1]	(6.3)	(6.3)	-	(6.6)	(6.6)	-
Adjusted EBITDA	**82.7**	**44.8**	**37.9**	**98.1**	**51.8**	**46.3**
% to Revenue	**8.0%**	**6.6%**	**10.7%**	**8.4%**	**6.8%**	**11.4%**

Income Statement	9M ended Dec 31, 2015			9M ended Dec 31, 2016		
€ millions	SMRPBV	SMP	SMR	SMRPBV	SMP	SMR
Revenue	2,970.1	1,942.0	1,029.7	3,329.5	2,175.8	1,155.4
EBITDA	**209.5**	**112.0**	**97.5**	**249.1**	**134.3**	**114.8**
% to Revenue	**7.1%**	**5.8%**	**9.5%**	**7.5%**	**6.2%**	**9.9%**
Startup cost for greenfield[1]	(12.9)	(12.9)	-	(16.5)	(16.5)	-
Net gain/(loss) Insurance Claim[2]	0.6	0.6	-	-	-	-
Adjusted EBITDA	**221.8**	**124.3**	**97.5**	**265.6**	**150.8**	**114.8**
% to Revenue	**7.5%**	**6.4%**	**9.5%**	**8.0%**	**6.9%**	**9.9%**

1. Start-up cost incurred for new plants & facilities under construction
2. Net gain/(loss) recognised on final settlement of insurance claim resulting from business interruption at SMP's paint facility in Polinya, Spain

Statement of Financial Position	March 31, 2016	Dec 31, 2016
Total Assets	1,984.4	2,548.4
Debt	694.5	1,035.3
Cash and cash equivalents	192.5	337.3
Net Debt	502.0	698.0

Key Ratios[#]	Allowed	Dec 31, 2016
Gross Leverage Ratio: Indenture	3.50x	3.18x
Net Leverage Ratio : RCF	3.25x	2.16x

Computed as per definitions given in Indenture & RCF agreements

COMPONENTS OF REVENUE & EXPENSES

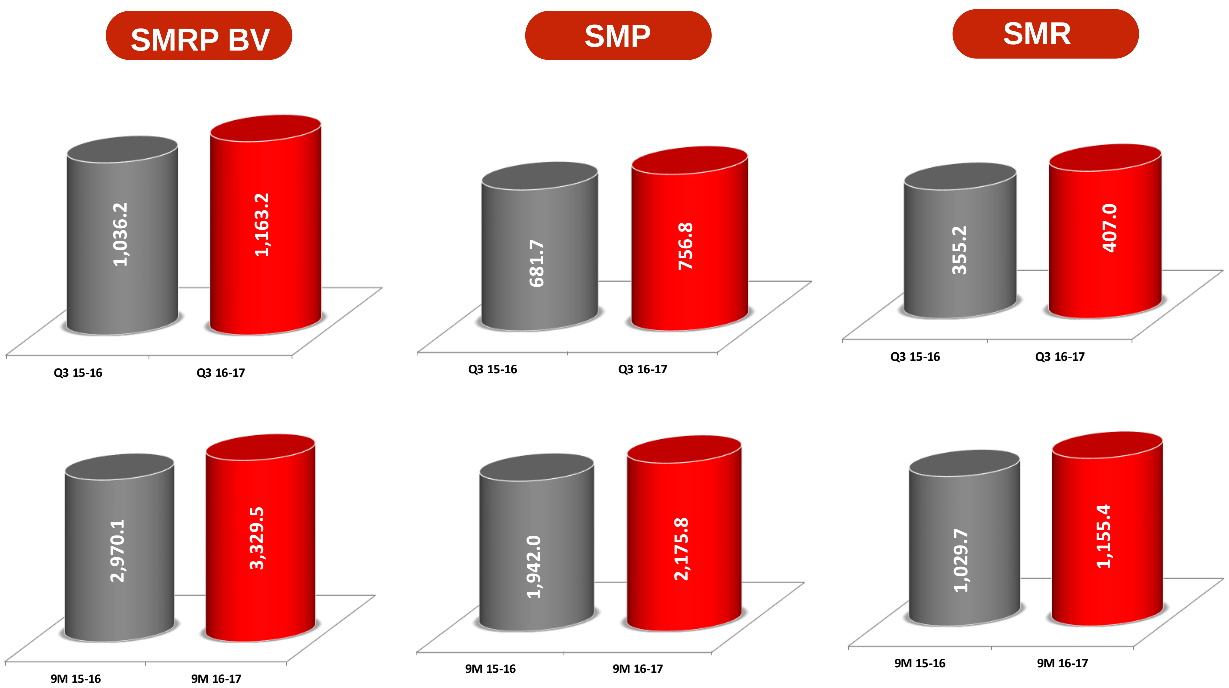
REVENUE

SMRP BV Group's revenues for quarter ended December 31, 2016 were € 1,163.2 million which is higher than the revenues for the corresponding previous quarter ended December 31, 2015 at € 1,036.2 million. This represents growth of approximately 12% over quarter ended December 31, 2015. For the nine months ended December 31, 2016, the revenues increased by 12% to € 3,329.5 million as compared to € 2,970.1 for the nine months ended December 31, 2015. This increase in revenue is due to consistent increase in revenues, both for SMP and SMR.

SMP's revenues for quarter ended December 31, 2016 were € 756.8 million which is higher than the revenues for the corresponding previous quarter ended December 31, 2015 at € 681.7 million. This represents growth of approximately 11% over quarter ended December 31, 2015. The increase in SMP revenues is primarily due to increase of revenues due to start of production at new plants Zitlaltepec, Mexico and Beijing, China coupled with consistent performance at other locations.

SMR's revenues for quarter ended December 31, 2016 were € 407.0 million which is higher than the revenues for the corresponding previous quarter ended December 31, 2015 at € 355.2 million. This represents growth of approximately 15% over quarter ended December 31, 2015. The increase is primarily due to strong market demand in USA and stable growth at other locations.

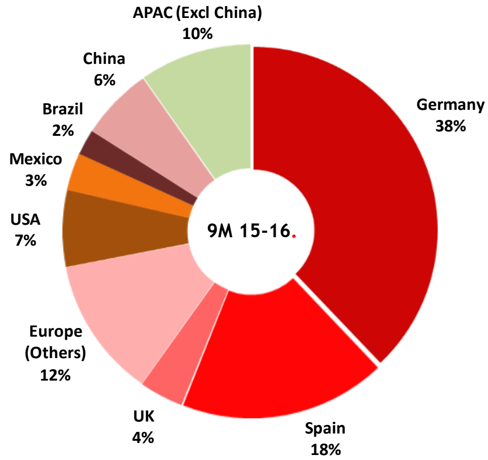
Split of revenue (€ Millions) between SMP and SMR was as under:

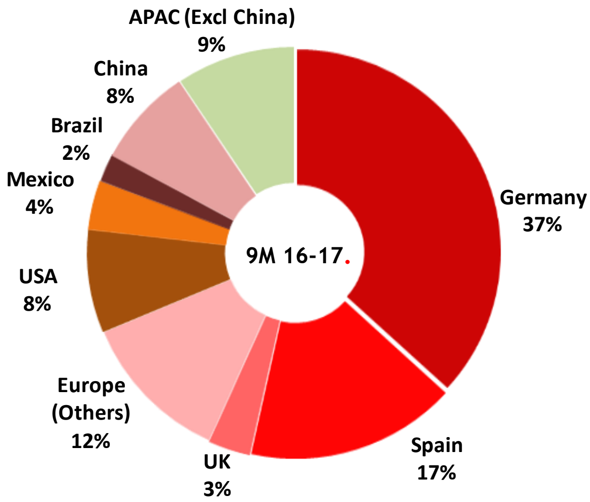


SMP, which is the interior & exterior module business, contributed 65% of the revenues and SMR, which is interior & exterior mirror business contributed 35% of the revenue for the quarter ended December 31, 2016 which is in line with corresponding quarter ended December 31, 2015.

Geographical Spread of Revenues

During the nine months ended December 31, 2016, 69% of the revenues were contributed by European region; of which 37% was contributed by Germany, 17% by Spain, 3% by UK and 12% by Rest of Europe. APAC region (excluding China) contributed 9%, China 8%, USA 8%, Mexico 4% and Brazil 2% to the overall group revenues. While the company envisage healthy revenue growth across various geographies on consolidated basis but geographical spread of revenues would further diversify with ramp up of commercial supplies from new plants at Mexico & China and commencement of commercial production from greenfields under construction at USA & Hungary. The following chart shows the revenue breakdown by geography for quarter ended December 31, 2016 and December 31, 2015

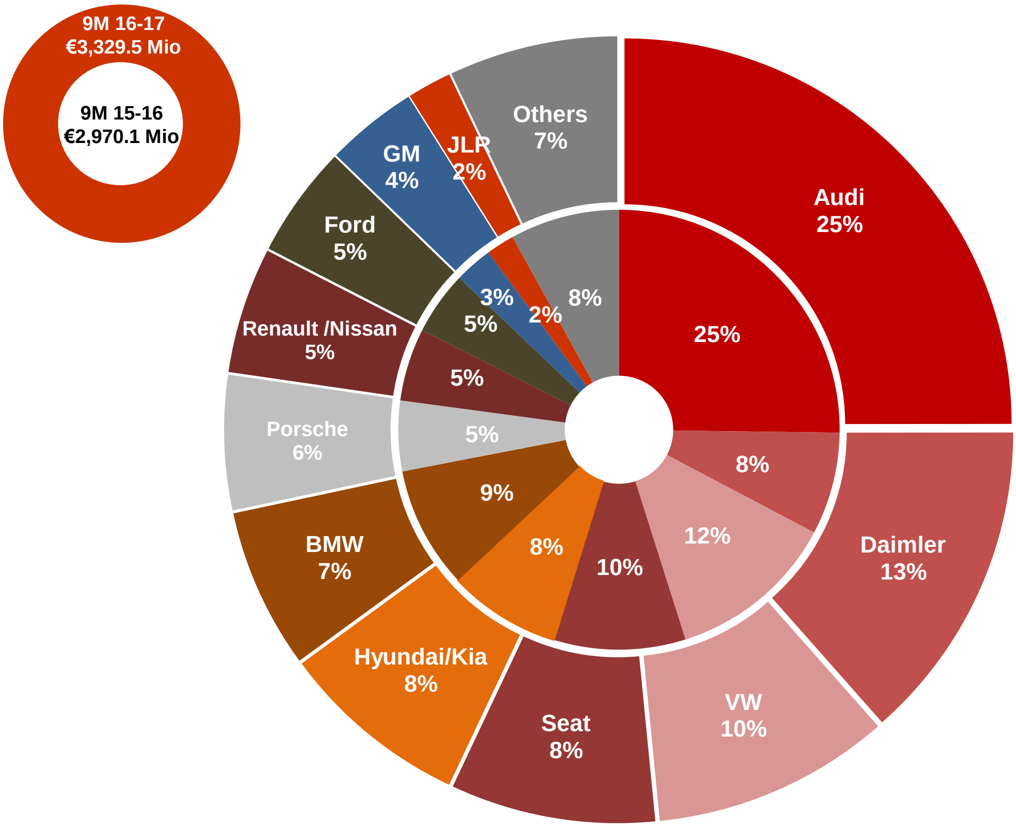




Diversified Customer Portfolio

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 by not only winning repeat orders but new global upcoming platforms.

The following chart shows the revenue breakdown by customers for the quarter ended December 31, 2016 and December 31, 2015.



During the nine months ended December 31, 2016, there is consistent growth in all customers, though there is significant growth in Daimler with its share in overall revenue of SMRPBV Group increased to 13% during nine months ended December 31, 2016 as compared to 8% during the corresponding previous period, leading to more diversified and balanced customer portfolio.

EBITDA

The following table depicts the EBITDA and adjusted EBITDA for the quarter and nine months ended December 31, 2016 and December 31, 2015. Adjusted EBITDA represents EBITDA as adjusted for certain non-recurring items to reflect the operational performance of SMRP BV Group.

Income Statement € millions	3M ended Dec 31, 2015			3M ended Dec 31, 2016		
	SMRPBV	SMP	SMR	SMRPBV	SMP	SMR
Revenue	1,036.2	681.7	355.2	1,163.2	756.8	407.0
EBITDA	**76.4**	**38.5**	**37.9**	**91.5**	**45.2**	**46.3**
% to Revenue	**7.4%**	**5.6%**	**10.7%**	**7.9%**	**6.0%**	**11.4%**
Startup cost for greenfield[1]	(6.3)	(6.3)	-	(6.6)	(6.6)	-
Adjusted EBITDA	**82.7**	**44.8**	**37.9**	**98.1**	**51.8**	**46.3**
% to Revenue	**8.0%**	**6.6%**	**10.7%**	**8.4%**	**6.8%**	**11.4%**

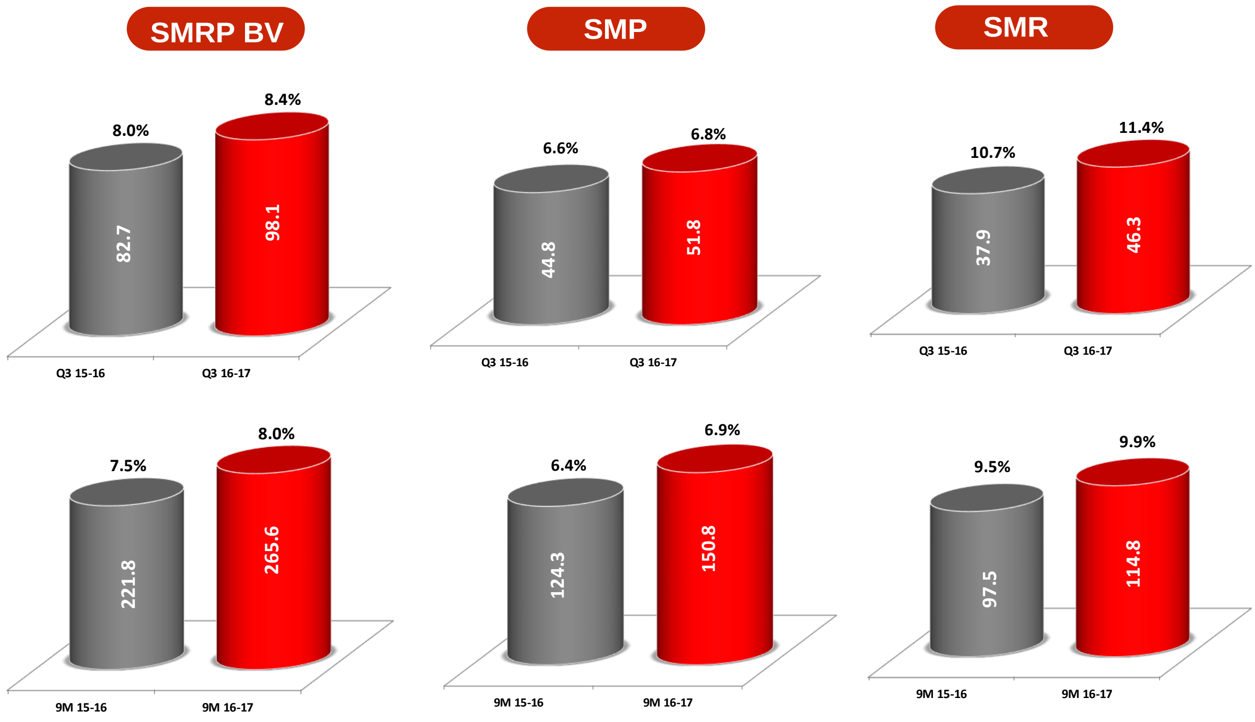
Income Statement € millions	9M ended Dec 31, 2015			9M ended Dec 31, 2016		
	SMRPBV	SMP	SMR	SMRPBV	SMP	SMR
Revenue	2,970.1	1,942.0	1,029.7	3,329.5	2,175.8	1,155.4
EBITDA	**209.5**	**112.0**	**97.5**	**249.1**	**134.3**	**114.8**
% to Revenue	**7.1%**	**5.8%**	**9.5%**	**7.5%**	**6.2%**	**9.9%**
Startup cost for greenfield[1]	(12.9)	(12.9)	-	(16.5)	(16.5)	-
Net gain/(loss) Insurance Claim[2]	0.6	0.6	-	-	-	-
Adjusted EBITDA	**221.8**	**124.3**	**97.5**	**265.6**	**150.8**	**114.8**
% to Revenue	**7.5%**	**6.4%**	**9.5%**	**8.0%**	**6.9%**	**9.9%**

1. Start-up cost incurred for new plants & facilities under construction € 6.6 million for quarter ended December 31, 2016 and € 16.5 million for nine months ended December 31, 2016 (€ 6.3 million for quarter ended December 31, 2015 and € 12.9 million for nine months ended December 31, 2015). There are significant start-up cost including project management cost, trial of new products, travelling & training cost incurred for setting up of manufacturing processes as per customer requirements, which are expensed to income statement as conservative accounting practice. This will get normalised once the matching revenues from the new plants will start.
2. Net gain/(loss) of Nil for quarter and nine months ended December 31, 2016 (Nil for quarter ended December 31, 2015 and € 0.6 million for nine months ended December 31, 2015) recognised on final settlement of insurance claim resulting from business interruption at SMP's paint facility in Polinya, Spain.

Adjusted EBITDA has been consistently improving with increase of 19% for the quarter ended December 31, 2016 at € 98.1 million against € 82.7 million for the quarter ended December 31, 2015. Adjusted EBITDA as expressed in % to revenue has also shown increase from 8.0% to 8.4% in quarter ended December 31, 2016 over corresponding previous quarter ended December 31, 2015.

For the nine months ended December 31, 2016 Adjusted EBITDA increased by 20% to € 265.6 million over € 221.8 million for the corresponding period ended December 31, 2015. When expressed as % to revenue as well, Adjusted EBITDA increased to 8.0% from 7.5% over the corresponding previous period.

Split of adjusted EBITDA between SMP and SMR was as under:



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 € 759.0 million which accounted for 65.3% of revenues for the quarter ended December 31, 2016. This is lower as compared to €683.1 million which accounted for 65.9% of revenues for the corresponding previous quarter ended December 31, 2015. For the nine months ended December 31, 2016, the cost of materials was € 2,150.9 million accounting for 64.6% of revenues against € 1,938.9 million accounting for 65.3% of revenues for the corresponding previous nine months ended December 31, 2015. These reductions in cost of materials as a percentage of revenue is primarily due to scrap reduction, improved manufacturing efficiencies, higher margins on new orders and change in product mix.

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 € 222.4 million which accounted for 19.1% of revenues for the quarter ended December 31, 2016. This is higher in absolute terms as compared to €196.5 million which accounted for 19.0% of revenues for the corresponding previous quarter ended December 31, 2015. For the nine months ended December 31, 2016, personnel expenses stood at € 642.3 million representing 19.3% of revenues as compared to € 576.8 million representing 19.4% of revenues for the nine months ended December 31, 2015. This increase was primarily due to increased capacity and production level, ramp up of production from new facilities and headcount at new Greenfield plants during construction phase.

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 for the quarter ended December 31, 2016 were at € 102.3 million as compared to € 101.4 million for the corresponding previous quarter ended December 31, 2015. For the nine months ended December 31, 2016, other operating expenses were at € 315.5 million as compared to € 298.9 million for the nine months ended December 31, 2015. Other operating expenses includes a business interruption expense of € NIL for the quarter and nine months ended December 31, 2016 and € 1.3 million for the quarter ended December 31, 2015 and € 8.6 million for the nine months ended December 31, 2015 resulting from a fire at SMP's paint facility in Polinya, Spain. (There is also a corresponding income arising out of settlement of insurance claim accounted for under other operating income for of € NIL for the quarter and nine months ended December 31, 2016 and € 1.3 million for the quarter ended December 31, 2015 and € 9.2 million for the nine months ended December 31, 2015).

Marginal increase in operating expenses is attributed primarily due to increase in variable cost of operations due to increased capacity & production levels and start-up costs for the new plants expensed to income statement as conservative accounting practice.

OTHER OPERATING INCOME

Other operating income primarily consists of income from development work & other recoveries from customers, recovery of proceeds from insurance claims, rental income, royalty income and subsidies or grants. Other operating income for the quarter ended December 31, 2016 were at € 12.0 million as compared to € 16.1 million for the quarter ended December 31, 2015. For the nine months ended December 31, 2016 other operating income were at € 28.4 million as compared to € 49.1 million for the nine months ended December 31, 2015. This includes an amount of € Nil for the quarter and nine months ended December 31, 2016 and € 1.3 million for the quarter ended December 31, 2015 and € 9.2 million for the nine months ended December 31, 2015 respectively from settlement of insurance claim for fire at SMP Polinya plant.

DEPRECIATION & AMORTISATION

Depreciation & Amortisation refers to the amount recognized in our income statement under this concept reflecting the amortized value of the tangible and intangible assets on a straight-line basis over the estimated useful life of the asset. Depreciation & Amortisation for the quarter ended December 31, 2016 were at € 30.4 million and € 26.5 million for the quarter ended December 31, 2015 after excluding impairment for € 4.0 million for the quarter ended December 31, 2015 at SMP Brazil to match the carrying value of net fixed assets to future discounted cash flows. For the nine months ended December 31, 2016, depreciation & amortisation were at € 88.1 million as compared to € 76.6 million for the nine months ended December 31, 2015 excluding € 7.2 million of impairment charge at SMP Brazil. This increase is due to capitalisation of new plants which started their commercial production.

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.

Net Finance cost for the quarter ended December 31, 2016 was at € 12.6 million as compared to € 9.7 million for the quarter ended December 31, 2015. For the nine months ended December 31, 2016, net finance costs were € 32.7 million as compared to € 30.1 million for the nine months ended December 31, 2015.

The following table depicts the net finance cost and adjusted net finance cost for the quarter and nine months ended December 31, 2016 and December 31, 2015. Adjusted 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	Q3 FY16	Q3 FY17	Inc(+)/Dec(-)	9M FY16	9M FY17	Inc(+)/Dec(-)
Net Finance Cost	**9.7**	**12.6**	**2.9**	**30.1**	**32.7**	**2.6**
Less:						
Amortisation charge[1]	(1.3)	(1.0)	0.3	(1.9)	(2.7)	(0.8)
Foreign Exchange Loss (Net)[2]	(2.1)	(0.2)	1.9	(5.8)	0.4	6.2
Adjusted net finance cost	**6.3**	**11.4**	**5.1**	**22.4**	**30.4**	**8.0**

[1] Represents prorata 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 item

As evident from above table, after excluding impact of amortisation of bond issuance cost and upfront fee and forex loss on reinstatement of foreign currency loans and related items included in net finance cost, there is an increase in adjusted net finance cost primarily due to interest expense on new issue of US$ 400 million senior secured notes during the nine months period ended December 31, 2016.

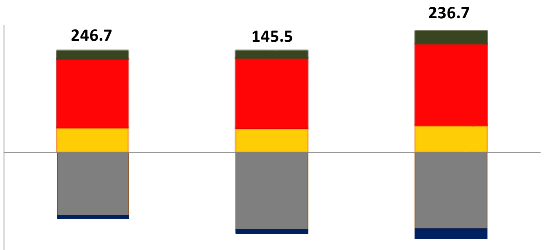
INCOME TAXES

Income tax represents the sum of tax currently payable and deferred tax under the laws of each jurisdiction in which the business is conducted. Income taxes increased by € 11.3 million to € 22.4 million for the quarter ended December 31, 2016 from € 11.1 million for the quarter ended December 31, 2015. The increase is due to increase in tax expense by € 6.9 million due to change in Spanish tax law with retrospective effect and further increase of € 4.4 million resulting from improved profitability of the Group. For the nine months ended December 31, 2016 income taxes were € 50.8 million as compared to € 31.2 million for the nine months ended December 31, 2015, higher by € 19.6 million. Excluding the impact of tax increase due to change in Spanish tax law, the effective tax rate is consistent with improved profitability of the Group.

TRADE WORKING CAPITAL

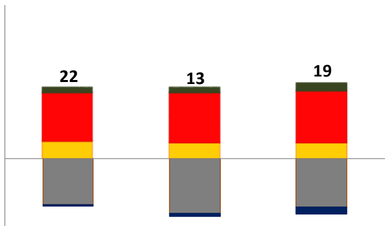
Trade Working Capital of the company comprises of receivables, inventories and payables. We have excluded the impact of consolidation of CEFA from trade working capital to facilitate the comparison. Net trade working capital as at December 31, 2016 was at € 236.7 million, as at March 31, 2016 was at € 145.5 million and as at December 31, 2015 was at € 246.7 million. Net trade working capital represents 19 days for December 31, 2016 which is higher than 13 days of working capital as at March 31, 2016 but better than corresponding working capital days of 22 days as at December 31, 2015. The overall higher working capital as at December 31, 2016 is due to increased business activities.

€ Millions.



	Dec 15	Mar 16	Dec 16
Capital Creditors	(23.2)	(28.6)	(69.7)
Trade Payables	(447.3)	(545.9)	(543.0)
Receivables - non current	57.8	57.5	90.3
Trade Receivables	485.3	497.4	572.9
Inventory	174.1	165.1	186.2

No of Days.



Dec 15	Mar 16	Dec 16
(2)	(3)	(6)
(41)	(49)	(44)
5	5	7
44	45	47
16	15	15

Above figures exclude the impact of consolidation of CEFA as at 31st Dec 2016 to facilitate comparison.

Days on hand are calculated based on 360 days basis

Analysis on each of these element 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.

The Company had current receivables for € 572.9 million and € 497.4 million as at December 31, 2016 and March 31, 2016 respectively. The corresponding receivables as at December 31, 2015 was at € 485.3 million. These represent days on hand for 47 days, 45 days and 44 days respectively.

The Company had non-current receivables for € 90.3 million and € 57.5 million as at December 31, 2016 and March 31, 2016 respectively. The corresponding receivables as at December 31, 2015 was at € 57.8 million. These represent days on hand for 7 days, 5 days and 5 days respectively. The increase as at December 31, 2016 is due to higher receivables arising out of new engineering sales which have longer recovery period as per terms of the contract.

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 € 186.2 million and € 165.1 million as at December 31, 2016 and March 31, 2016 respectively. The corresponding inventory as at December 31, 2015 was at € 174.1 million. The inventory levels increased due to increased capacity & production levels and start-up of new plants. The inventories represented days on hand for 15 days as at December 31, 2016 which is consistent with days on hand of 15 days and 16 days as at March 31, 2016 and December 31, 2015 respectively.

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 Company had Trade Payables for € 543.0 million and € 545.9 million as at December 31, 2016 and March 31, 2016 respectively. The corresponding payables as at December 31, 2015 was at € 447.3 million. These represent days on hand for 44 days, 49 days and 41 days respectively.

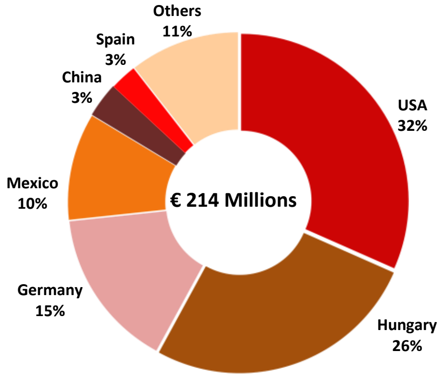
The company had payables of € 69.7 million and € 28.6 million towards capital creditors as at December 31, 2016 and March 31, 2016 respectively. The corresponding payables as at December 31, 2015 was at € 23.2 million. These represent days on hand for 6 days, 3 days and 2 days respectively. The payables towards capital creditors are higher due to the capitalisation for our Greenfield plants & significant portion of these were under engineering approval.

CAPITAL EXPENDITURE

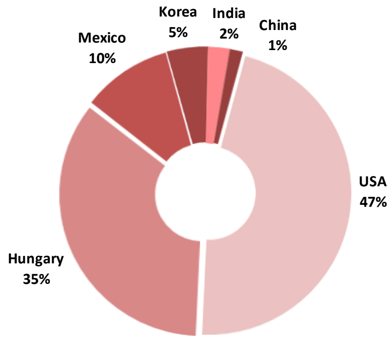
SMRP BV Group’s growth strategy includes expanding operations in line with customers’ growth and sales order book. The company is one of the few suppliers in its product segment with a global engineering & manufacturing footprint and this strong geographical diversification enables the company to capitalise 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. The establishment period for new manufacturing facilities typically ranges between 12 and 24 months. 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. Capital expenditure is used primarily for investment in property, plant and equipment ranging from injection moulding machines, paint line, assembly lines and various auxiliary equipment for secondary operations.

Capital Expenditure incurred during the nine months ended December 31, 2016 was € 214.0 million. Break-up of major contributors of capital expenditure is depicted in below chart:



Approximately 66% of capital expenditure amounting to € 141 million for the nine months ended December 31, 2016 was incurred on new facilities/expansion. As depicted by below chart, it is evident that SMRPBV is investing in most of the geographies led by Americas region followed by Europe, India and other parts of Asia Pacific region.



The capital expenditure on expansion mainly includes the on-going setting up of SMP Greenfield plant for Bumper & Door panel module in Tuscaloosa (USA) to cater to new customer orders. This facility is expected to start from FY 2018-19. SMP group is also incurring the capital expenditure in setting up of Greenfield plant for Bumper & Door panel module in Kecskemet (Hungary) to cater to new customer orders. This facility is expected to start from FY 2017-18.

Capital expenditure also include paintshop expansion at SMR group for its external rear view manufacturing plants at San Luis Potosí (Mexico) and Mosonszolnok (Hungary) and relocation & expansion at India and Korea.

CASH FLOW

The following summarises cash flow information for the nine months ended December 31, 2016:

Statement of Cash Flows (€ millions)	April 1, 2015 to Dec 31, 2015	April 1, 2016 to Dec 31, 2016
Cash flow from operating activities before changes in working capital and income tax	204.9	251.8
Changes in working capital	(170.7)	(157.6)
Income tax paid	(47.6)	(42.0)
Cash flow from operating activities	**(13.4)**	**52.2**
Purchase of property, plant and equipment (including Pre-Payments)	(179.2)	(171.2)
Others	12.4	(2.2)
Cash flow from investing activities	**(166.8)**	**(173.4)**
Proceeds from issue of bond	100.0	352.3
Net Proceeds/(Repayment) of borrowings/finance leases	40.8	(51.5)
Interest Paid	(18.2)	(27.3)
Others	(6.2)	(11.7)
Cash flow from financing activities	**116.4**	**261.8**
Net increase in cash and cash equivalents	**(63.8)**	**140.6**
Cash and cash equivalents at the beginning of the period	184.1	192.5
Variation in cash and cash equivalents from change in Cons Group (CEFA/MRA)	-	2.4
Variation in cash and cash equivalents from translation in foreign currencies	(1.5)	1.8
Cash and cash equivalents at the end of the period	**118.8**	**337.3**

Operating Activities

Net cash generated from operating activities for the nine months ended December 31, 2016 was € 52.2 million. Cash generated from operations before changes in working capital & income tax was € 251.8 million which was offsetted by net cash utilised in working capital of € 157.6 million primarily due to increase in trade receivables for € 104.9 million. Income Tax payment of € 42.0 million was made during the nine months ended December 31, 2016.

Investing Activities

Net cash flow utilised in investing activities during the nine months ended December 31, 2016 was € 173.4 million. This was primarily contributed by net amount paid for purchase of property, plant & equipment for € 171.2 million. During May 2016, one of the Company's subsidiary SMR Poong Jeong Automotive Mirrors Korea Limited bought back shares from its minority shareholder Mr. Jae Seok Kim against a consideration of € 9.2 million. Pursuant to this transaction, this subsidiary has become a 100% subsidiary of Samvardhana Motherson

Reflectec Group Holdings Limited, Jersey and of the Company. This has been off-setted by receipt of dividend for € 6.1 million from joint ventures.

Financing Activities

Net cash flow generated from financing activities for the nine months ended December 31, 2016 was € 261.8 million. This mainly constituted proceeds from secured bonds (refer para on Significant Financing Arrangements for further details) for € 352.2 million (US$ 400 million) which was partly utilised for repayment certain third party debts including some of the existing revolver facilities. Interest payment on financial liabilities for the quarter ended December 31, 2016 was € 27.3 million.

SIGNIFICANT FINANCING ARRANGEMENTS

Senior Secured Notes

On June 16, 2016, the Company issued US$ 300 million 4.875% Senior Secured Notes due 2021 (the "Notes"). The Notes bear interest at a rate of 4.875% payable semi-annually on June 16 and December 16 of each year and will mature on December 16, 2021. The Notes are listed on the Irish Stock Exchange and trade on the Global Exchange Market of the Exchange.

On August 08, 2016, the Company issued further US$ 100 million 4.875% Senior Secured Notes due 2021 (the "Additional Notes") at price of the secondaries, upon the same terms and conditions as (other than the issue date and issue price), fungible with, rank equally in all respects with, and are consolidated and form a single series with, the US$ 300 million 4.875% Senior Secured Notes due 2021 issued by the Company. The total principal amount of the Notes and the Additional Notes is US$ 400 million.

The Notes carry a prepayment option and as per the terms of the indenture the Company may at any time on or after June 16, 2019, redeem all or part of the Notes by paying the redemption prices set forth in the indenture. Prior to June 16, 2019, the Company is entitled at its option, to redeem all or a portion of the Notes by paying 100% of the principal amount of such Notes, plus accrued and unpaid interest, if any, plus a “make-whole” premium. In addition, prior to June 16, 2019, the Company may redeem, at its option, up to 35% of the principal amount of the Notes at a redemption price equal to 104.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, up to the redemption date.

The Notes are structured as senior secured obligations and will rank pari passu in right of payment with all the existing and future senior obligations of SMRP BV, including the obligations under the 2025 Notes, the 2021 Notes and the Revolving Credit Facilities. 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.

Secondary Revolving Credit Facility Agreement

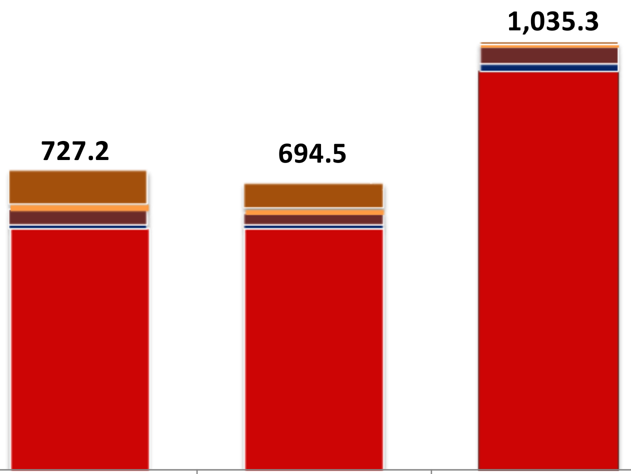
Secondary revolving credit facility agreement entered on June 17, 2014 by SMP Deutschland GmbH in an amount of €50.0 million has matured in December 2016 as per the terms of the facility agreement.

DEBT & CASH

Gross Debt

Gross Debt as at December 31, 2016 was € 1,035.3 million against € 694.5 million as at March 31, 2016. The corresponding gross debt as at December 31, 2015 was at € 727.2 million. Increase in Gross debt during the nine months ended December 31, 2016 was primarily on account of issue of new senior secured bond for US$ 400 million to increase liquidity and to capitalise on growth opportunity.

Break-up of Gross Debt into various facilities is as under:



	31.12.2015	31.03.16	31.12.16
RCF 1	80.7	58.0	4.0
Finance Lease	13.0	13.4	7.4
Working Capital	37.3	26.7	40.1
Term Loan	11.1	10.7	20.5
HY Bond	585.1	585.7	963.3

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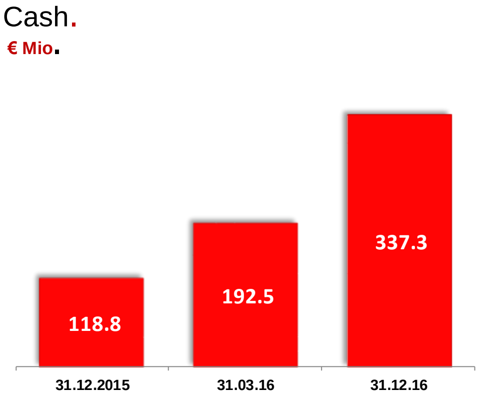
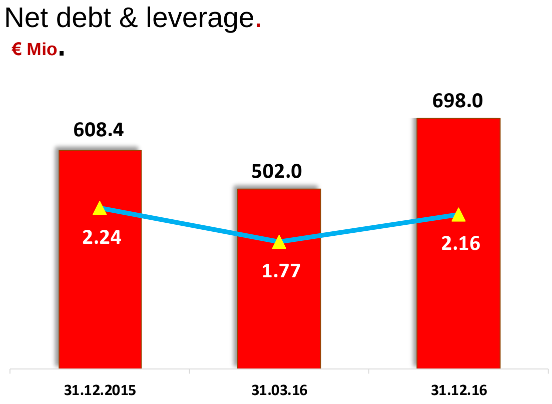
Cash & Net Debt

Cash and cash equivalent was € 337.3 million as at December 31, 2016 and € 192.5 million as at March 31, 2016. The corresponding cash and cash equivalent as at December 31, 2015 was at € 118.8 million. Cash balance increased due to proceeds from issue of new senior secured bond for US$ 400 million, this increase was partly off-setted by payments on account of significant capital expenditure.

Net Debt was € 698.0 million as on December 31, 2016 and € 502.0 million as on March 31, 2016. The corresponding net debt as at December 31, 2015 was at € 608.4 million. The increase in net debt is largely due to capital expenditure incurred in setting up of new facilities and increased working capital due to increased business activities. Despite increase in net debt, net leverage ratio has improved to 2.16x as at December 31, 2016 as compared to 2.24x as at corresponding period as at December 31, 2015 due to improved profitability.





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 December 31, 2016 SMRP BV Group had significant liquidity under committed revolver credit facilities as follows:

€ in Millions	**Sanctioned Limit**	**Utilised as at Dec 31, 2016**	**Liquidity Available**
RCF 1 (including Ancilary facility)	250.0	4.0	246.0
RCF 2	100.0	-	100.0
Cash and Cash Equivalents			337.3
Total Liquidity Available			**683.3**

* Available liquidity subject to headroom under leverage ratios

Status of leverage ratio as at December 31, 2016:

Key Ratios#	**Allowed**	**Dec 31, 2016**
Gross Leverage Ratio: Indenture	3.50x	3.18x
Net Leverage Ratio : RCF	3.25x	2.16x

Computed as per definitions given in Indenture & RCF agreements

Samvardhana Motherson Automotive Systems Group BV
Unaudited Interim Condensed Consolidated Financial Statements

For the period ended December 31, 2016

All amounts in Euro'000, unless otherwise stated

A.1 Consolidated Statement of Financial Position

	Note	December 31, 2016	March 31, 2016
Assets			
Intangible assets		22,923	27,808
Property, plant and equipment		1,060,734	863,950
Investment properties		10,532	10,733
Joint ventures accounted for using the equity method		17,544	33,593
Associates accounted for using the equity method		184	259
Other financial instruments		5	5
Trade receivables and other assets		110,473	68,177
Deferred tax assets		43,114	39,380
Non-current assets		**1,265,509**	**1,043,905**
Inventories		190,087	165,061
Trade receivables		614,164	497,354
Current tax assets		1,969	779
Other financial instruments		4,961	940
Other receivables		134,401	83,808
Cash and cash equivalents	**A.6.3.1**	337,339	192,518
Current assets		**1,282,921**	**940,460**
Total assets		**2,548,430**	**1,984,365**
Equity and liabilities			
Shareholder's equity	**A.5**	428,090	333,347
Non-controlling interests	**A.5**	87,959	70,795
Equity		**516,049**	**404,142**
Provisions for pension liabilities		13,838	11,838
Other provisions		2,359	2,059
Financial liabilities	**A.6.3.3**	985,607	600,864
Other liabilities		28,631	26,287
Deferred tax liabilities		59,210	48,322
Non-current liabilities		**1,089,645**	**689,370**
Other provisions		18,634	19,443
Financial liabilities	**A.6.3.3**	49,717	93,611
Trade payables		628,885	574,468
Liabilities to related parties		19,032	19,771
Other financial instruments		2,787	27
Current tax liabilities		19,084	8,446
Other liabilities		204,597	175,087
Current liabilities		**942,736**	**890,853**
Liabilities		**2,032,381**	**1,580,223**
Total		**2,548,430**	**1,984,365**

The notes on pages 34 to 67 are an integral part of these unaudited interim condensed consolidated financial statements.

All amounts in Euro'000, unless otherwise stated

A.2 Consolidated Income Statement

	Notes	Period ended December 31, 2016	Period ended December 31, 2015
Revenue	**A.6.4.1**	**3,329,507**	**2,970,051**
Changes in inventories	**A.6.4.2**	4,245	2,470
Other operating Income	**A.6.4.3**	28,412	49,062
Cost of materials	**A.6.4.4**	(2,155,162)	(1,936,385)
Personnel expenses	**A.6.4.5**	(642,335)	(576,808)
Depreciation and amortization	**A.6.4.6**	(88,081)	(83,768)
Other operating expenses	**A.6.4.7**	(315,540)	(298,910)
Result from operating activities		**161,046**	**125,712**
Finance income	**A.6.4.8**	2,401	1,777
Finance costs	**A.6.4.8**	(35,107)	(31,917)
Finance costs - net	**A.6.4.8**	**(32,706)**	**(30,140)**
Share of after-tax profits of joint ventures accounted for under the equity method	**A.6.4.9**	11,809	8,139
Share of after-tax (losses) of associates accounted for under the equity method	**A.6.4.10**	(79)	3
Earnings before taxes (EBT)		**140,070**	**103,714**
Income taxes	**A.6.5**	(50,833)	(31,194)
Profit for the period		**89,237**	**72,520**
Thereof profit or loss for the period attributable to:			
Equity holders of the group		76,637	60,196
Non-controlling interests		12,600	12,324
Profit for the period		**89,237**	**72,520**

The notes on pages 34 to 67 are an integral part of these unaudited interim condensed consolidated financial statements.

All amounts in Euro'000, unless otherwise stated

A.3 Consolidated Statement of Comprehensive Income

	Period ended December 31, 2016	Period ended December 31, 2015
Profit for the period after tax:	**89,237**	**72,520**
Other comprehensive income:	**22,085**	**(23,943)**
- Items that will not be reclassified to profit & loss		
Remeasurement of post-employment benefits	(347)	482
Deferred tax on re-measurement (gains)/ losses	73	(121)
- Items that may be subsequently classified to profit & loss		
Exchange differences on translating foreign operations	28,052	(24,304)
Cash flow hedge reserve	(5,693)	-
Total comprehensive income for the period	**111,322**	**48,577**
Attributable to:		
Equity holders of the group	98,319	40,908
Non-controlling interests	13,003	7,669
	111,320	**48,577**

The notes on pages 34 to 67 are an integral part of these unaudited interim condensed consolidated financial statements.

All amounts in Euro'000, unless otherwise stated

A.4 Consolidated Cash Flow Statement

	Note	Period ended December 31, 2016	Period ended December 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before tax	**A.2**	**140,070**	**103,714**
Adjustments for:			
Depreciation and amortisation	**A.6.4.6**	88,081	83,768
Loss from disposal of property, plant and equipment		529	(184)
Finance costs – net (excluding foreign exchange loss or gain)	**A.6.4.8**	33,063	24,369
Share of profits of joint ventures and associates accounted for using equity method	**A.6.4.9 / A.6.4.10**	(11,730)	(8,142)
Reversal / addition of bad debt allowances and provisions	**A.6.4.3 / A.6.4.7**	(25)	2,240
Unrealised foreign exchange (gain)/loss		1,854	(833)
Cash flow from operations before working capital changes		**251,842**	**204,932**
<u>Working capital changes</u>			
Increase in inventories		(17,997)	2,412
(Increase)/decrease in trade receivables		(104,934)	(5,395)
Increase in other assets[1]		(46,331)	(59,463)
Increase/(decrease) in trade payables		(7,984)	(13,117)
Increase in other liabilities[2]		1,196	(95,642)
Increase in provisions		18,454	458
Cash flow from operating activities before income tax		**94,246**	**34,185**
Income tax paid		(42,037)	(47,614)
Cash flow from operating activities (A)		**52,209**	**(13,429)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment (including advances)		(170,805)	(175,869)
Purchase of intangible assets		(1,353)	(3,340)
Proceeds from disposal of property, plant and equipment		998	4,878
Dividends received from Joint Ventures		6,059	5,744
Investment in non-consolidated entities		(1,196)	-
Buyback of non-controlling interests		(9,219)	-
Interest received		2,044	1,777
Cash flow from investing activities (B)		**(173,472)**	**(166,810)**

All amounts in Euro'000, unless otherwise stated

	Note	Period ended December 31, 2016	Period ended December 31, 2015
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid to non-controlling interest		(11,738)	(6,201)
Proceeds from borrowings		353,111	101,028
Repayment of borrowings (net of short term borrowings)		(45,680)	46,337
Repayment of finance lease liabilities		(6,587)	(6,540)
Interest paid		(27,279)	(18,186)
Cash flow from financing activities (C)		**261,827**	**116,438**
Changes in cash and cash equivalents (A+B+C)		140,564	(63,801)
Cash and cash equivalents at beginning of period	**A.6.3.1**	192,518	184,144
Increase in cash due to acquisition of CEFA	**A.6.3.4**	2,449	-
Variation in cash and cash equivalents from translation in foreign currencies		1,808	(1,490)
Cash and cash equivalents at end of period	**A.6.3.1**	**337,339**	**118,853**

[1] Other asset comprising of tax receivables, other financial and non-financial assets.
[2] Other liabilities comprise of prepayment received, liabilities from related parties, and other financial and non-financial liabilities.

The notes on pages 34 to 67 are an integral part of these unaudited interim condensed consolidated financial statements.

All amounts in Euro'000, unless otherwise stated

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	Merger reserve	Total		
As at April 1, 2015	**66**	**900,910**	**26,859**	**62,399**	**(722,686)**	**267,548**	**67,854**	**335,402**
Total comprehensive income								
Profit for the period	-	-	-	60,196	-	**60,196**	12,324	**72,520**
Other comprehensive income								
Items that may be subsequently classified to statement of profit or loss								
- Foreign currency translation	-	-	(19,672)	-	-	**(19,672)**	(4,632)	**(24,304)**
Items that will not be reclassified to statement of profit or loss								
- Remeasurement of post-employment benefits	-	-	-	511	-	**511**	(29)	**482**
- Deferred tax relating to remeasurement	-	-	-	(127)	-	**(127)**	6	**(121)**
Total other comprehensive income	**-**	**-**	**(19,672)**	**384**	**-**	**(19,288)**	**(4,655)**	**(23,943)**
Total comprehensive income	**-**	**-**	**(19,672)**	**60,580**	**-**	**40,908**	**7,669**	**48,577**
Transactions with owners								
- Changes during the period	-	-	-	-	-	**-**	-	**-**
- Dividend distribution to non-controlling interests	-	-	-	-	-	**-**	(6,202)	**(6,202)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(6,202)**	**(6,202)**
As at December 31, 2015	**66**	**900,910**	**7,187**	**122,979**	**(722,686)**	**308,456**	**69,321**	**377,777**

All amounts in Euro'000, unless otherwise stated

	Attributable to owners of the parent						Non-controlling interest	Total equity
	Subscribed capital	Share premium	Currency translation reserve	Retained earnings	Merger reserve	Total		
As at April 1, 2016	**66**	**900,910**	**(4,139)**	**159,196**	**(722,686)**	**333,347**	**70,795**	**404,142**
Total comprehensive income								
Profit for the period	-	-	-	76,637	-	**76,637**	12,600	**89,237**
Other comprehensive income								
Items that may be subsequently classified to statement of profit or loss								
- Foreign currency translation	-	-	27,607	-	-	**27,607**	445	**28,052**
- Cash flow hedge reserve	-	-	-	(5,692)	-	**(5,692)**	(1)	**(5,693)**
Items that will not be reclassified to statement of profit or loss								
- Remeasurement of post-employment benefits	-	-	-	(285)	-	**(285)**	(62)	**(347)**
- Deferred tax relating to remeasurement	-	-	-	52	-	**52**	21	**73**
Total other comprehensive income	**-**	**-**	**27,607**	**(5,925)**	**-**	**21,682**	**403**	**22,085**
Total comprehensive income	**-**	**-**	**27,607**	**70,712**	**-**	**98,319**	**13,003**	**111,322**
Transactions with owners								
- Changes during the period	-	-	-	(3,576)	-	**(3,576)**	15,900	**12,324**
- Dividend distribution to non-controlling interests	-	-	-	-	-	**-**	(11,739)	**(11,739)**
Total transactions with owners	**-**	**-**	**-**	**(3,576)**	**-**	**(3,576)**	**4,161**	**585**
As at December 31, 2016	**66**	**900,910**	**23,468**	**226,332**	**(722,686)**	**428,090**	**87,959**	**516,049**

The notes on pages 34 to 67 are an integral part of these unaudited interim condensed consolidated financial statements.

A.6. Notes to the Consolidated Financial Statements

A.6.1 General Information and description of the business

These unaudited interim condensed 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 period from April 01, 2016 to December 31, 2016. MSSL is the ultimate parent of SMRP BV Group.

SMRP BV is a private company with limited liability, incorporated under the laws of the Netherlands on October 07, 2011. Its registered office and principal place of business is situated at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

These unaudited interim condensed consolidated financial statements have been authorised for issue by SMRP BV's management and supervisory board on February 14, 2017.

SMR Group
SMR Jersey was incorporated on February 16, 2009. On March 6, 2009 Samvardhana Motherson Reflectec Group Holdings Limited acquired the Visiocorp Group and with this acquisition commenced its operating business.

SMR Group develops and produces a wide range of exterior mirrors from simple prismatic versions up to complex multi-function systems. In addition to the mirror technology, the Group develops and produces driver assistance systems such as detection systems in the door mirror for monitoring blind spots or mirror turn signals. It has production facilities and engineering centres in 16 countries across the globe.

SMP Group
SMRP BV acquired the Peguform Group as on November 23, 2011.

SMP Group supplies plastic parts and system modules for vehicle interiors and exteriors. Products for vehicle interiors include in particular interior door panels and dashboards. For exteriors, bumpers and other bodywork components are manufactured. The product range encompasses individual parts and complete modules, with engineering and tooling services also being provided. It has production facilities and engineering centres in 9 countries across the globe.

A.6.2 Summary of Significant Accounting Policies

A.6.2.1 Basis of preparation

The interim condensed consolidated financial statements for the period ended December 31, 2016 have been prepared for reporting to bondholders in accordance with the offering memorandum.

It does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements as at March 31, 2016 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS EU").

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended March 31, 2016 except for the adoption of hedge accounting in respect of derivative financial instruments like forward contracts, swap contracts entered into to manage its foreign exchange risk arising out of foreign currency denominated assets, liabilities and highly probable forecasted cash flows with effect from April 01, 2016.

The adoption of hedge accounting has the effect of recognising the effective portion of changes in the fair value of such derivatives to a separate component of equity under Cash Flow Hedge Reserve. Amounts previously recognised in 'Cash Flow Hedge Reserve' and accumulated in equity are reclassified to income statement in the periods when the hedged item affects the income statement. The gain or loss associated with the ineffective portion is recognised immediately in the income statement.

The new standards and interpretations applicable for financial year beginning April 1, 2016 do not have any impact on the unaudited interim condensed consolidated financial statements of the Group.

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS EU").

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

A.6.2.2 Currency translation

A.6.2.2.1 Transactions in foreign currencies

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

All amounts in Euro'000, unless otherwise stated

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.

A.6.2.2.2 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
(c) 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.

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

Foreign currencies		Closing rates December 31, 2016	Average rates Period ended December 31, 2016	Closing rates December 31, 2015	Average rates Period ended December 31, 2015	Closing rates March 31, 2016
Brazilian Real	BRL	3.66	3.71	4.30	3.85	4.09
Mexican Peso	MXN	21.77	20.90	18.65	17.87	19.66
Chinese Yuan	CNY	7.49	7.39	7.05	6.96	7.34
US Dollar	USD	1.12	1.11	1.09	1.10	1.14
Great British Pound	GBP	0.87	0.84	0.74	0.72	0.79
Korean Won	KRW	1,237.20	1,269.55	1,276.00	1,260.49	1,301.61
Indian Rupee	INR	74.86	74.29	71.84	71.56	75.38
Thai Bhat	THB	38.86	38.94	39.12	38.41	39.94
Hungarian Forint	HUF	307.80	310.82	314.74	309.92	313.49
Japanese Yen	JPY	113.87	118.04	130.65	134.37	128.07
Australian Dollar	AUD	1.47	1.48	1.49	1.49	1.49

A.6.2.3 Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition method of accounting is used to account for business combinations by the Group. According to this method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Intangible assets are recognised separately from any goodwill, provided that they can be separated from the company or are derived from a contractual or other entitlement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration and the fair value of non-controlling interest is lower than the fair value of the net assets of the subsidiary acquired, the difference is directly recognised in profit or loss.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Joint ventures

Joint ventures are companies over which the Group holds joint control as a result of contractual agreements.

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, generally accompanying a shareholding of 20% to 50% of the voting rights. 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.

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. 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

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

Profits and losses resulting from unrealised upstream and downstream transactions between the Group and its associate / joint ventures are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates / joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Unrealised gains or losses from business transactions with joint ventures accounted for using the equity method have been eliminated from the investments in accordance with the amount of the holding.

All amounts in Euro'000, unless otherwise stated

The interim condensed consolidated financial statements of the Group include:

SMR Group

SMR Group comprises the subsidiaries as disclosed below:

Entity name	Country	Capital share	Minority shares	Voting rights
Samvardhana Motherson Reflectec Group Holdings Limited {SMRGHL}	Jersey	98.45%	1.45%	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%
Samvardhana 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 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 Australia)	Australia	100%	-	100%
SMR Automotive Mirror Parts and Holdings UK Limited (held by SMRGHL) {SMR 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%

All amounts in Euro'000, unless otherwise stated

Entity name	Country	Capital share	Minority shares	Voting rights
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}* *(earlier known as SMR Poong Jeong Automotive Mirrors Korea Limited)*	South Korea	100%	-	100%
SMR Hyosang Automotive Limited (held by SMR Korea)	South Korea	100%	-	100%
SMR Automotive (Langfang) Co. Limited (held by SMR Korea)	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)	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) {w.e.f. October 2016}	Russia	100%	-	100%

* Minority interest of 10.14% bought back during May 2016.

SMR Group comprises joint ventures and associates as disclosed below:

Entity name	Country	Capital share
Ningbo SMR Huaxiang Automotive Mirrors Co. Limited	China	50%
Chongqing SMR Huaxiang Automotive Products Limited	China	50%
Re-Time Pty Limited	Australia	35%

All amounts in Euro'000, unless otherwise stated

SMP Group

SMP Group comprises the subsidiaries as disclosed below:

Name	Country	Capital share	Minority shares	Voting rights
Samvardhana Motherson Peguform GmbH {SMP GmbH}	Germany	100%	-	100%
SMP Automotive Technology Ibérica, S.L. {SMP Iberica}	Spain	100%	-	100%
SMP Automotive Interiors (Beijing) Co. Ltd	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%
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 Teruel)	Brazil	100%	-	100%-1
SMP Automotive Systems México, S. A. de C. V. (held by SMP Barcelona)	Mexico	100%	-	100%-1
SM Real Estate GmbH (held by SMP AE)	Germany	94.80%	5.20%	94.80%
Celulosa Fabril (Cefa) S.A.**	Spain	50%	50%	50%
Modulos Ribera Alto S.LU.**	Spain	50%	50%	50%

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

** w.e.f. December 20, 2016

SMP Group comprises joint ventures as disclosed below:

Name	Country	Capital share
Celulosa Fabril (Cefa) S.A.***	Spain	50%
Modulos Ribera Alto S.LU.***	Spain	50%
Eissmann SMP Automotive Interieur Slovensko s.r.o.	Slovakia	49%

*** till December 19, 2016

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.

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. Costs not eligible for capitalisation are expensed off and disclosed under "Research and development costs" 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 checked 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 profit or loss as incurred.

All amounts in Euro'000, unless otherwise stated

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
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

Leasing agreements in which the Group has essentially assumed all risks and opportunities are classified as finance leases. A property acquired under finance lease needs to be 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 is 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 are performed as necessary (see A.6.2.7).

If, from an economic perspective, not all substantial opportunities and risks have been transferred, leasing agreements are classified as operating leases and the income and expenses derived there from are recognised in the income statement.

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.

A.6.2.6 Investment Properties

Investment properties are stated at cost less accumulated depreciation. Transaction costs are included on initial measurement. 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-current assets

Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (see A.6.2.7.1).
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units), generally individual business units. Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Impairment is recognised if the carrying value of an asset or its cash-generating unit exceeds the recoverable amount. Impairments are reported in the income statement.

The Group performed reviews at the reporting date to determine whether there were indications that assets or their cash-generating units have to be impaired.

The triggering event for the impairment of technology could also be a budget that causes revenues to be reduced in the future or material changes in determination of royalty rate.

The triggering event for the impairment of patent and intellectual property is change in future economic benefits embodied in the asset.

A.6.2.7.1 Recoverable amounts

The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs of disposal and the value in use. In assessing the 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.

For assets that primarily do not generate independent cash flows, the recoverable amount was determined for the cash-generating units to which these assets belonged.

A.6.2.7.2 Impairment reversals

In case events which caused impairment initially ceases to exist, impairments are only reversed to the extent that increased carrying amount of the asset does not exceed the carrying amount that would have been in place had there no impairment been carried out in the first place, taking into account the normal depreciation/amortization.

A.6.2.8 Financial instruments

A financial instrument is any agreement that leads to the generation of financial asset at one company and/or to a financial liability or equity instrument at another. Financial instruments can be placed into one of four categories according to their intended purpose: financial assets measured at fair value through profit or loss, financial assets held to maturity, loans and receivables, financial assets available for sale.

Financial instruments include primary financial instruments such as receivables and trade liabilities, securities, debt instruments and other financial liabilities. They also include derivative financial instruments used to hedge against risks arising from changes in exchange rates and interest rates.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

A financial asset is derecognised in the following circumstances:

- The group transfers the contractual rights to receive the cash flow it generates have expired or have been transferred, and
- The group has transferred substantially all the risk and rewards of the ownership.

As at December 31, 2016, the Group had an amount of €186.3 million (March 31, 2016 : € 215.2 million) of receivables derecognised from its balance sheet as group had transferred the contractual right and has substantially transferred all risks and rewards of ownership of these receivables to various financial institutions.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.
Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

A.6.2.8.1 Primary financial instruments

Primary financial instruments are allocated to one of four categories according to their intended purpose. This allocation is re-assessed at each reporting date and it is determined whether the asset is to be reported as current or non-current.

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

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

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

d. Available-for-sale financial assets that have been reported as such upon initial recognition are measured at fair value, provided that this can be determined, and then reported as non-current or current assets, depending on the expected time of sale. Gains and losses from changes in fair value are recorded net, i.e. after tax, and taken directly to equity ("Other comprehensive income") until the financial asset has been derecognised. In the event that an asset is impaired permanently, however, the loss must be recorded directly in the income statement. If it is not possible to determine the fair value, for example with holdings in non-consolidated affiliated companies or other investments in companies, these assets are measured at cost.

A.6.2.8.1 Impairment of financial assets

(a) Assets carried at amortised cost
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

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

Financial liabilities are initially recognised at fair value less transaction costs for liabilities not recognised at fair value through profit or loss. Subsequently financial liabilities from primary financial instruments are measured at amortised cost. The Group measures all financial liabilities except derivatives at amortised cost, which encompasses the remaining debt amount less expenses. Liabilities from finance leases are measured at the present value of the remaining minimum lease payments on the basis of the interest rate underlying the leasing agreement. Financial liabilities with fixed or determinable payments that are neither debt instruments nor derivative financial instruments listed on an active market are reported in the statement of financial position under other liabilities at amortised cost. All financial instruments are therefore measured at historical cost or amortised cost less impairments.

A.6.2.8.2 Derivative financial instruments

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

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

Hedge accounting
The Company designates fixed-to-fixed cross-currency interest-rate swaps as hedging instruments in cash flow hedges in respect of risk of variability, due to changes in foreign exchange rates, in EURO cash flows on financial assets and financial liabilities denominated in foreign currency. Hedges of foreign exchange risk on highly probable forecast cash flows are accounted for as cash flow hedges.

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

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in 'Cash Flow Hedge Reserve'. The gain or loss relating to the ineffective portion is recognised immediately in income statement, and is included in the 'Other Income or Other Operating Expenses'.
Amounts previously recognised in 'Cash Flow Hedge Reserve' and accumulated in equity are reclassified to income statement in the periods when the hedged item affects income statement.

Discontinuation of hedge accounting
Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity is reclassified from equity to income statement in the same period or periods during which the hedged forecast cash flows affect the income statement.

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 Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The Group determines the level of completion on the basis of milestones achieved to date. If it is not possible to determine the level of completion reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Therefore, no profit is reported in such a situation ("zero profit margin method"). The costs include all expenses incurred in direct relation to the specific projects and a proportion of the fixed and variable general costs incurred on the basis of normal capacity for the Group's construction contracts. On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

A.6.2.11 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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. Cash and cash equivalents are measured at cost.

A.6.2.13 Income 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.

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 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 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.

Income taxes 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 Pension provisions

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.

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 defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

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.

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 pension insurance 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.6.2.14.2 Warranties

A provision is recognised for expected warranty claims on products sold during the period, 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 period(s). 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 Tax provisions and other provisions

Provisions for tax and other purposes 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 private companies & 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 private companies and 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 finance lease

Liabilities from finance lease are initially carried at equal to the fair value of leased property, or if lower, the present value of minimum lease payments. The lease payments are then separated into financing costs and the redemption of the remaining liability.

A.6.2.17 Borrowings

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.

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

Sales revenue and other operating income is recognised when ownership of an asset changes hands or the opportunities and risks related to the property are transferred to the customer, when the amount of the income has been determined or can be determined, and when there is sufficient likelihood that the economic benefit from the sale will flow to the Group. Sales revenue from the sale of goods is measured at the fair value of the consideration received or to be received less product returns, rebates and discounts for early payment. Revenues from the sale of services are recorded with respect to the stage of completion as of the reporting date in relation to the total service to be provided in the course of the transaction.

Operating expenses are recognised when goods or services are used or when the expense is incurred. Anticipated losses from construction contracts are directly recognised as expenses.

Interest is recognised using the effective interest method as an expense or income for the period in which it occurs. Interest payments for finance leases are calculated by breaking down the minimum 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. Payments from operating leases are recognised over the term of the leasing agreement using a straight-line distribution in the income statement.

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

A.6.2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the supervisory board that makes strategic decisions.

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All amounts in Euro'000, unless otherwise stated

A.6.3 Disclosures regarding the Consolidated Financial Position

A.6.3.1 Cash and cash equivalents

	December 31, 2016	March 31, 2016
Cash at bank	337,198	192,404
Cash on hand	141	114
	337,339	**192,518**

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

A.6.3.2 Property, plant and equipment

Acquisition and disposals

During the period ended December 31, 2016 the Group acquired assets with a cost of k€ 213,687.

Assets with a net book value of k€ 1,527 were disposed by the Group during the period ended December 31, 2016.

Refer to note A.6.6.1 for capital commitments.

A.6.3.3 Financial liabilities

	December 31, 2016	March 31, 2016
Non-current financial liabilities		
Liabilities to bank	979,674	594,389
Finance lease liabilities	5,933	6,475
Total non-current financial liabilities	**985,607**	**600,864**
Current financial liabilities		
Liabilities to bank	48,249	86,714
Finance lease liabilities	1,468	6,897
Total current financial liabilities	**49,717**	**93,611**

A.6.3.4 Acquisition of control in Celulosa Fabril (Cefa) S.A.

During the month of December 2016, the Company through its subsidiaries acquired majority control over the board of directors of Celulosa Fabril (Cefa) S.A. (hereinafter 'CEFA') with effect from December 20, 2016. The group already held 50% shareholding in CEFA along with 50% representation on the board of directors before December 20, 2016.

CEFA was treated as a joint venture in the consolidated financial statements of the Company prior to December 20, 2016 and accounted for using equity method of accounting prescribed by IFRS 11. As a result of above event, the Company through its subsidiaries is regarded parent of CEFA within the framework of IFRS 10 and accordingly CEFA along with its subsidiary Modulos Ribera Alta S.L.U. is treated as a subsidiary of the Company with effect from December 20, 2016 and fully consolidated from such date.

The acquisition of additional control did not involve payment of any further purchase consideration.

There is no significant revenue transaction from December 20, 2016 to December 31, 2016, therefore income statement of CEFA has not been consolidated. The assets and liabilities of CEFA have been consolidated using provisional amounts as the exercise for determining fair valuation of the assets and liabilities (other than cash) was still in progress as on the date of issue of these interim unaudited condensed consolidated financial statements.

The Company held equity interest of k€ 21,798 in CEFA prior to December 20, 2016 which was accounted for using equity method accounting.

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in CEFA, the group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

Other information related to assets and liabilities assumed at the date of acquisition is not yet available as the exercise for determining fair valuation of all the assets and liabilities (other than cash) was still in progress as on the date of issue of these interim unaudited condensed consolidated financial statements.

All amounts in Euro'000, unless otherwise stated

A.6.4 Disclosures regarding the Consolidated Income Statement

A.6.4.1 Revenues

	Period ended December 31, 2016	Period ended December 31, 2015
Sale of products	2,986,017	2,653,413
Sale of tooling	343,490	316,638
	3,329,507	**2,970,051**

A.6.4.2 Changes in inventories

	Period ended December 31, 2016	Period ended December 31, 2015
Opening stock of		
finished goods	41,220	48,889
work-in-progress	24,280	24,212
Less: closing stock of		
finished goods	(42,756)	(50,694)
work-in-progress	(26,989)	(24,877)
	(4,245)	**(2,470)**

A.6.4.3 Other operating income

	Period ended December 31, 2016	Period ended December 31, 2015
Foreign exchange gain (net)	2,589	-
Subsidies /Income from investment Grants	4,500	3,702
Income from development work and other recoveries from Customers	5,311	2,058
Rental income	648	620
Royalty income	2,213	1,560
Gain from disposal of property, plant and equipment and Intangible assets	183	643
Provisions written back/Gain on reversal of bad debt allowance	1,113	39
Other Income*	11,855	40,440
	28,412	**49,062**

*Other Income includes insurance proceeds for fire at Polinya plant of Nil (December 31, 2015: k€ 9,157) to recover the fixed costs which are included under other operating expenses.

All amounts in Euro'000, unless otherwise stated

A.6.4.4 Cost of materials

	Period ended December 31, 2016	Period ended December 31, 2015
Raw Material	2,155,162	1,936,385
	2,155,162	**1,936,385**

A.6.4.5 Personnel expenses

	Period ended December 31, 2016	Period ended December 31, 2015
Wages and salaries	452,686	404,177
Paid labour rendered by third parties	107,895	96,566
Social security costs	79,980	74,989
Pensions costs from defined benefit plans	1,774	1,076
	642,335	**576,808**

A.6.4.6 Depreciation and amortization

	Period ended December 31, 2016	Period ended December 31, 2015
Depreciation of property, plant and equipment	80,143	75,513
Depreciation on investment properties	201	201
Amortisation of intangible assets	7,737	8,054
	88,081	**83,768**

All amounts in Euro'000, unless otherwise stated

A.6.4.7 Other operating expenses

	Period ended December 31, 2016	Period ended December 31, 2015
General administration expenses*	103,420	100,734
Energy	47,176	47,907
Repairs and maintenance	58,862	54,166
Rent and lease	35,365	32,387
Freight and forwarding	29,849	29,644
Bad debts/advances written off	1,088	2,278
Auditors remuneration	4,155	3,667
Net foreign exchange loss	583	4,147
Legal and professional expenses	35,042	23,980
	315,540	**298,910**

*Expenses includes Nil (December 31, 2015: k€ 8,593) to recover the fixed assets due to fire at Polinya Plant.

A.6.4.8 Financial costs and income

	Period ended December 31, 2016	Period ended December 31, 2015
Interest Income	2,044	1,777
Foreign exchange gain	357	-
Total finance income	**2,401**	**1,777**
Interest expenses finance leases	497	606
Foreign exchange loss	-	5,770
Interest expense on borrowings	34,378	25,211
Interest expense on defined benefit obligations	232	330
Total finance cost	**35,107**	**31,917**

Foreign exchange gain includes amounts from the revaluation of foreign currency financial liabilities.

A.6.4.9 Share of the profits or loss of joint ventures accounted for using the equity method

	Period ended December 31, 2016	Period ended December 31, 2015
Share of after-tax profits of joint venture accounted for under the equity method	11,809	8,139

All amounts in Euro'000, unless otherwise stated

A.6.4.10 Share of the profits or loss of associates accounted for using the equity method

	Period ended December 31, 2016	Period ended December 31, 2015
Share of after-tax (losses) of associate accounted for under the equity method	(79)	3

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 period comprises the following:

	Period ended December 31, 2016	Period ended December 31, 2015
Current tax	47,637	36,377
Deferred tax	3,196	(5,183)
Total	**50,833**	**31,194**

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.

All amounts in Euro'000, unless otherwise stated

A.6.6 Other disclosures

A.6.6.1 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 period end, the Group has following contingent liabilities:

	As at December 31, 2016	**As at March 31, 2016**
Indirect tax matters	28	46
Direct tax matters	710	96
Others (refer note below)	1,781	1,772
Total	**2,519**	**1,914**

As at December 31, 2016 the group may be potentially liable to the fee of an amount equivalent to € 1.78 million to the Industrial Zone as per the terms of the contract entered into by one of its subsidiary. The Industrial Zone has so far not made any claim with respect to the fee and as per the independent legal advice obtained by the subsidiary, any such claim may be regarding as unfair and may not be accepted in whole or part by the competent court of law. Since it is not yet confirmed whether the subsidiary will have an obligation to pay in the future, no liability has been recognised in respect of such amount in the books of accounts for the period ended December 31, 2016.

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 period but not yet incurred is as follows:

	As at December 31, 2016	**As at March 31, 2016**
Property, plant and equipment (net of advances)	96,660	35,352

A.6.6.2 Operating Segment Information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") in taking strategic decisions. Those operating segments are SMR Group and SMP Group which are also the reportable segments.

SMR Group
SMR Group develops and produces a wide range of exterior mirrors from simple prismatic versions up to complex multi-function systems. In addition to the mirror technology, the Group develops and produces driver assistance systems such as detection systems in the door mirror for monitoring blind spots or mirror turn signals. It has production facilities and engineering centres in 16 countries across the globe.

SMP Group
SMP Group supplies plastic parts and system modules for vehicle interiors and exteriors. Products for vehicle interiors include in particular interior door panels and dashboards. For exteriors, bumpers and other bodywork components are manufactured. The product range encompasses individual parts and complete modules, with engineering and tooling services also being provided. It has production facilities and engineering centres in 9 countries across the globe.

SMP includes business of SMIA which was acquired during financial year 2014-15. The company develops and manufactures profiles and moulded parts made of thermoplastics, and hybrid components made of metal and plastic providing uninterrupted services to its customers. Due to strong synergies between product portfolio and manufacturing technologies, SMIA is considered as part of SMP for the purpose of review by the Chief Operating Decision Makers ("CODM") in taking strategic decisions.

The CODM considers revenues from external parties, EBITDA, profit before taxes and assets of each of the segments in taking strategic decisions. These amounts are measured in a manner consistent with that of the financial statements. Segment assets comprise of trade receivables, inventories and cash and cash equivalents. Geographically, the CODM considers the performance of sales in the Americas, Europe, and Asia Pacific.

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

All amounts in Euro'000, unless otherwise stated

	December 31, 2016				December 31, 2015			
	SMR	SMP	Unallocated / Inter-segment eliminations	Total	SMR	SMP	Unallocated / Inter-segment eliminations	Total
Segment revenue:								
Sales to external customers	1,155,386	2,175,785	(1,664)	3,329,507	1,029,729	1,941,983	(1,661)	2,970,051
Total revenue	**1,155,386**	**2,175,785**	**(1,664)**	**3,329,507**	**1,029,729**	**1,941,983**	**(1,661)**	**2,970,051**
Results:								
EBITDA	114,819	134,308	-	249,127	97,487	111,993	-	209,480
Depreciation and amortization	(31,555)	(56,526)	-	(88,081)	(26,797)	(56,971)	-	(83,768)
Operating profit	**83,264**	**77,782**	**-**	**161,046**	**70,690**	**55,022**	**-**	**125,712**
Interest Income	3,566	1,857	(3,022)	2,401	842	2,067	(1,132)	1,777
Interest expense	(3,482)	(34,647)	3,022	(35,107)	(6,129)	(26,920)	1,132	(31,917)
Share of profit from joint venture	5,786	6,023	-	11,809	3,571	4,568	-	8,139
Share of profit from associate	(79)	-	-	(79)	3	-	-	3
Profit before tax	**89,055**	**51,015**	**-**	**140,070**	**68,977**	**34,737**	**-**	**103,714**
Income Taxes	(27,703)	(23,130)	-	(50,833)	(19,206)	(11,988)	-	(31,194)
Profit after tax	**61,352**	**27,885**	**-**	**89,237**	**49,771**	**22,749**	**-**	**72,520**
Segment assets:								
Inventory, Debtors and Cash	248,143	983,753	-	1,231,896	277,637	559,399	(950)	836,086
Others	498,638	1,838,168	(1,020,272)	1,316,534	345,898	1,605,707	(917,137)	1,034,468
Total assets	**746,781**	**2,821,921**	**(1,020,272)**	**2,548,430**	**623,535**	**2,165,106**	**(918,087)**	**1,870,554**
Other items:								
Capital expenditure	56,771	156,916	-	213,687	55,761	108,462	-	164,223
Investment in joint venture	12,919	4,625	-	17,544	9,839	19,649	-	29,488
Investment in associate	184	-	-	184	293	-	-	293

A.6.6.3 Related parties

During the period 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, Cyprus, the direct parent company of Samvardhana Motherson Automotive Systems Group B.V (SMRP) (earlier known as Samvardhana Motherson B.V.) holds 69% of the voting shares of the Group.

Samvardhana Motherson Polymers Limited, India holds 31% of the voting shares of SMRP BV.

Samvardhana Motherson Global Holdings Limited and Samvardhana Motherson Polymers Limited both are indirectly held by MSSL India, which prepares financial statements available for public use and by SMIL India. MSSL and SMIL are referred to as the substantial shareholders of the Group.

SMIL is owned by Mr. V.C. Sehgal and family. SMIL holds an equity interest (34.81%) in MSSL.

As a result, MSSL and SMIL and its direct and indirect held subsidiaries, except for the companies forming the subgroup of Samvardhana Motherson Automotive Systems Group B.V are considered as related parties.

Key Management Personnel

Key management includes directors (executive and non-executive), members of the Supervisory Board. No compensation or any other benefits are paid or payable to any of the key management personnel.

Terms and conditions

Transactions relating to sales and purchase of goods with related parties during the period 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 allowance account 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.

All amounts in Euro'000, unless otherwise stated

Details of related party transactions

	Period ended December 31, 2016					
	Substantial shareholders	Entities in which V.C. Sehgal and family holds significant influence	Fellow Subsidiaries	Joint venture	Entities in which Key management personnel hold significant influence	Total
Sales	843	50	330	13,435	-	14,658
Purchases	24,226	4,286	37,240	47,304	-	113,056
Miscellaneous expenses	81	1,489	7,751	48	-	9,369
Repayment of loans taken	-	409	1,647	-	-	2,056
Loans taken	-	409	1,647	-	-	2,056
Sale of assets	-	-	260		-	260
Purchase of assets	-	1,530	121	-	-	1,651
Miscellaneous income	1,081	-	961	88	-	2,130

Details of related party balances

	As at December 31, 2016					
	Substantial shareholders	Entities in which V.C. Sehgal and family holds significant influence	Fellow Subsidiaries	Joint venture	Entities in which Key management personnel hold significant influence	Total
Trade receivables	538	1,114	1,807	11,751	-	15,210
Other receivables	-	553	-	-	-	553
Other payables	4,161	2,404	9,296	3,169	-	19,030

A.6.6.4 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 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. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.
The Group has developed guidelines for the management of credit risk from trade receivables. The Group's primary customers are major European automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are 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.

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. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognised commercial banks and are not past due.

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.

Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations related to floating interest rates.

The Group's exposure to the risk of changes in market interest rates relates to its floating rate loans and other borrowings

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's equity, earnings and cash flows are influenced by a wide variety of currencies due to the geographic diversity of the Group's sales and the countries in which it operates. The Euro, Korean Won and US dollar, however are the currencies in which the majority of the Group's sales are denominated. The Group also has transactional currency exposures arising from sales or purchases by operating subsidiaries in currencies other than the subsidiaries functional currencies. Most of the Group's borrowings are denominated in the functional currency of the Group entity that holds the instrument.

The Group is also exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of foreign subsidiaries.

The balance sheet and results of the Group can be affected by the movement in exchange rates. The long term relationship between the currencies of most of the countries where the Group operates provides a degree of natural protection; however in short-term it can be volatile.

A.6.6.5 Subsequent events

On January 02, 2017 the Company through its subsidiaries acquired 100% of the issued share capital of Kobek Siebdruck GmbH & Co. KG (hereinafter 'Kobek'). Kobek is a specialist in lightning solutions and has been a supplier to the Company's subsidiaries. The acquisition adds new technology to the Group and will help expand Group's ability to cater to customers demand and develop unique solutions.

The total purchase consideration amounts to € 1,574,840 and comprises of the following –

a) 100% shares of Kobek Siebdruck GmbH & Co. KG acquired for € 1,495,939
b) Purchase price of € 78,901 for certain machinery and equipment from the erstwhile owner which were leased to Kobek Siebdruck GmbH & Co. KG before acquisition

The exercise for determining fair valuation of all the assets and liabilities (other than cash) was still in progress as on the date of issue of these interim unaudited condensed consolidated financial statements.

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