

Samvardhana Motherson Group
SMG UK Group Tax Strategy
March 30, 2018

Introduction

This strategy is produced on behalf of the UK subsidiaries of Samvardhana Motherson Group (SMG) in accordance with Schedule 19 of Finance Act 2016. A list of the subsidiaries and the related legislative references under which the strategy is published is shown in Appendix A. This tax strategy applies to all UK taxes applicable to SMG UK and reflects the approach taken to tax in the year ended 31 March 2018.

About SMG

SMG combines the power of innovation and product quality to create world class products that cater to customer needs across diverse industries, especially automotive. Founded in 1975, the Group has a diversified industry-leading portfolio of auto ancillary products and services that make it a full system solutions provider for its customers across the globe. With market leading products ranging from Electrical Distribution Systems, automotive rear view mirrors, polymer processing, lighting systems, air intake manifolds and HVAC systems. SMG's principal focus is the automotive industry, globally and in India. SMG is a leading supplier to automotive industry globally.¹

Our approach to risk management and governance arrangements in relation to UK taxation

Our tax team consists of a team of qualified tax and finance professionals and they also take assistance from external tax consultants from time to time. The team also ensures continuous professional development and training of all its tax teams and support staff dealing with tax matters.

We seek to fully comply with all tax requirements, including adopting supportable filing position, adequate disclosure, maintenance of adequate supporting documentation, timely submission of the relevant tax returns and timely payment of taxes due, using reasonable judgement at all times. The tax teams also seek to comply with arm's length principle of pricing inter-company transactions and compliance with transfer pricing laws and regulations. They also carry out tax risk assessments for tax related matters from time to time and maintain healthy relationships with tax authorities at all times.

Our attitude towards tax planning

The tax teams believe in partnering with the wider business and advise on tax related matters, to utilise all tax reliefs and incentives in the most effective way within the intent of the law. The Group does not engage in artificial and aggressive tax structuring and only considers arrangements that are specific to the aims of the business, having proper commercial substance.

¹ <http://www.motherson.com/corporate-profile.html>

Level of risks in relation to UK taxation that the group is prepared to accept

The tax teams strive to comply with all tax related rules and regulations and also have adequate governance and risk management reviews from time to time. The tax teams also regularly discuss their tax issues with external advisors and obtain their opinions on the tax positions.

We consider that SMG adopts a low-risk attitude to taxation. Currently, the tax teams present in different locations follow a co-ordinated approach to tax issues and are integrated at the level of Regional Chairman's office. The tax function is also supported by the adequate governance including regular discussions with company's CFO and regular inputs into Board Reports.

Our approach of the group towards dealing with HMRC

The tax teams establish and maintain a good and constructive working relationships with HMRC, and other government and regulatory authorities and professional and industry bodies. The teams believe in complete transparency and honesty at all times. They believe in prompt and timely dealings with HMRC and also work collaboratively to resolve queries if any and obtain certainty. In any instance where there is an audit, we strive to cooperate with the HMRC and provide all necessary information in a speedy and collaborative way.

Appendix 1

List of entities incorporated in UK that are part of SMG is given below:

Reporting under Para 19(2) of Schedule 19 of Finance Act 2016 (refer notes below):

1. MSSL (GB) Limited
2. MSSL Overseas Wiring System Limited
3. SMR Automotive Mirror Parts and Holdings UK Limited
4. SMR Automotive Mirrors UK Limited.
5. SMR Mirrors UK Limited

Reporting under Para 22(2) of Schedule 19 of Finance Act 2016:

6. Motherson Innovations Company Limited

Notes:

MSSL (GB) Limited is the Topco for entities 1 and 2 above.

SMR Automotive Mirror Parts and Holdings UK Limited is the Topco for entities 3, 4 and 5 above.

Entity 6 is standalone UK company.