

**MOTHERSON ELETRICAL WIRES LANKA (PRIVATE)
LIMITED**

FINANCIAL STATEMENTS

31 MARCH 2018



Ernst & Young
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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MOTHERSON ELECTRICAL WIRES LANKA (PRIVATE) LIMITED**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Motherson Electrical Wires Lanka (Private) Limited, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities ("SLFRS for SMEs").

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Motherson Electrical Wires Lanka (Private) Limited for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 9 August 2017.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities ("SLFRS for SMEs"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

30 October 2018
Colombo

Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 USD	2017 USD
Assets			
Non-Current Assets			
Property, Plant and Equipment	4	955,496	1,085,438
		<u>955,496</u>	<u>1,085,438</u>
Current Assets			
Inventories	5	1,181,661	970,907
Prepayments and Other Receivables	6	89,160	355,161
Amounts Due from Related Parties	7	2,386,118	6,441,228
Short-term Deposits	8	2,000,000	2,500,000
Bank Balances and Cash	8	1,400,752	388,438
		<u>7,057,691</u>	<u>10,655,734</u>
Total Assets		<u>8,013,187</u>	<u>11,741,172</u>
Equity and Liabilities			
Equity			
Stated Capital	9	151,814	151,814
Capital Redemption Reserve Fund		-	1,258,839
Retained Earnings		7,033,982	9,984,027
Total Equity		<u>7,185,796</u>	<u>11,394,680</u>
Non-Current Liabilities			
Employee Defined Benefit Liabilities	10	49,242	37,759
Deferred Tax Liability	17	111,254	74,580
		<u>160,496</u>	<u>112,339</u>
Current Liabilities			
Trade Payables and Other Payables	11	153,419	137,178
Amounts Due to Related Parties	12	317,190	20,844
Income Tax Payable		193,463	76,131
Bank Overdraft	8	2,823	-
		<u>666,895</u>	<u>234,153</u>
Total Liabilities		<u>827,391</u>	<u>346,492</u>
Total Equity and Liabilities		<u>8,013,187</u>	<u>11,741,172</u>


These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.


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Head of Finance

The Board of Directors is responsible for these Financial Statements.


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Director




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Director

The accounting policies and notes on pages 07 through 20 form an integral part of the Financial Statements.



Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2018

	Notes	2018 USD	2017 USD
Revenue	13	21,155,453	16,866,227
Cost of Sales		(16,381,275)	(13,058,490)
Gross Profit		4,774,178	3,807,737
Administrative Expenses		(1,487,747)	(1,397,083)
Distribution Costs		(142,911)	(132,623)
Operating Profit		3,143,520	2,278,031
Finance Income	14	82,478	169,410
Finance Costs	15	(10,561)	(8,942)
Profit before Tax	16	3,215,437	2,438,499
Income Tax Expense	17	(419,685)	(292,439)
Profit for the year		2,795,752	2,146,060
Other Comprehensive Income			
<i>Other Comprehensive Income not to be Reclassified to Comprehensive Income in Subsequent Periods</i>			
Re-measurement (Loss)/Gain on Employee Defined Benefit Liabilities	10	(5,391)	9,445
Deferred Tax Attributable to Re-measurement (Loss)/Gain on Employee Defined Benefit Liabilities	17	755	(1,417)
Other Comprehensive Income for the year		(4,636)	8,028
Total Comprehensive Income for the year		2,791,116	2,154,088
Basic Earnings per Share	18	1.92	1.47
Dividend per Share	19	4.81	-

The accounting policies and notes on pages 07 through 20 form an integral part of the Financial Statements.



Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 March 2018

	Stated Capital USD	Capital Redemption Reserve Fund USD	Retained Earnings USD	Total USD
Balance as at 01 April 2016	151,814	1,258,839	7,829,939	9,240,592
Profit for the year	-	-	2,146,060	2,146,060
Other Comprehensive Income	-	-	8,028	8,028
Total Comprehensive Income	-	-	2,154,088	2,154,088
Balance as at 31 March 2017	<u>151,814</u>	<u>1,258,839</u>	<u>9,984,027</u>	<u>11,394,680</u>
Balance as at 01 April 2017	151,814	1,258,839	9,984,027	11,394,680
Profit for the year	-	-	2,795,752	2,795,752
Other Comprehensive Income	-	-	(4,636)	(4,636)
Total Comprehensive Income	-	-	2,791,116	2,791,116
Dividend paid - 2018	-	-	(7,000,000)	(7,000,000)
Transfer to Retained Earnings	-	(1,258,839)	1,258,839	-
Balance as at 31 March 2018	<u>151,814</u>	<u>-</u>	<u>7,033,982</u>	<u>7,185,796</u>

The accounting policies and notes on pages 07 through 20 form an integral part of the Financial Statements.



Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF CASH FLOWS

Year Ended 31 March 2018

	Notes	2018 USD	2017 USD
Operating Activities			
Profit before Tax		3,215,437	2,438,499
Adjustments for:			
Depreciation of Property, Plant and Equipment		254,324	239,398
Loss on Disposal of Property Plant and Equipment		4,756	2,000
Provision for Obsolete and Slow-moving Inventories		4,375	-
Finance Income	14	(82,478)	(169,410)
Interest Expenses	15	1,887	-
Provision for Employee Defined Benefit Liabilities	10	10,643	10,339
Unrealised Exchange Gain	10	(1,240)	(2,035)
Operating Profit before Working Capital Changes		3,407,704	2,518,791
Working Capital Changes:			
Inventories		(215,129)	675,754
Prepayments and Other Receivables		266,001	(35,134)
Amounts Due from Related Parties		4,055,110	(267,056)
Trade and Other Payables		16,241	60,858
Amounts Due to Related Parties		296,346	(477,806)
Cash generated from Operations		7,826,273	2,475,407
Interest paid		(1,887)	-
Finance Income received		82,478	722
Employee Defined Benefit Liabilities paid	10	(3,311)	-
Income Tax paid		(264,924)	(404,462)
Net Cash flows from Operating Activities		7,638,629	2,071,667
Investing Activities			
Acquisition of Property, Plant and Equipment		(130,247)	(268,871)
Proceeds from Disposal of Property, Plant and Equipment		1,109	2,176
Net Cash flows used in Investing Activities		(129,138)	(266,695)
Financing Activities			
Dividend paid		(7,000,000)	-
Net Cash flows used in Financing Activities		(7,000,000)	-
Net Increase in Cash and Cash Equivalents		509,491	1,804,972
Cash and Cash Equivalents at the beginning of the year		2,888,438	1,083,466
Cash and Cash Equivalents at the end of the year		3,397,929	2,888,438

The accounting policies and notes on pages 07 through 20 form an integral part of the Financial Statements.



1. CORPORATE INFORMATION

1.1 General

Motherson Electrical Wires Lanka (Private) Limited is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and principal place of operations is No. 32 Miles Stone, Pinnalande Estate, Watareka, Padukka.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company was manufacturing, fabricating and assembling automobile wires.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent entity is Motherson Sumi Systems Limited, which is incorporated in India.

1.4 Date of Authorization for Issue

The Financial Statements of Motherson Electrical Wires Lanka(Private) Limited for the year ended 31 March 2018 were authorized for issue in accordance with a resolution of the Board of Directors on 30 October 2018.



2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Statement of Compliance

The Financial Statements of the Company comprises the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with accounting policies and notes.

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities ("SLFRS for SMEs") issued by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 07 of 2007.

The Financial Statements have been prepared on the historical cost basis and presented in US Dollars (USD), which is the Company's functional and presentation currency.

The accounting policies adopted are consistent with those of the previous financial year.

2.2 Foreign Currency

The Financial Statements of the Company are presented in US Dollars. The primary source of income and expenditure of the Company are in US Dollars and hence it is determined that US Dollars as the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.3 Comparative Figures

Certain comparatives figures have been reclassified in order to conform to the presentation for the current period. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

2.4 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation. Subsequent costs are included in the assets carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost can be reliably measured. Other costs are charged to the Statement of Comprehensive Income during the year in which they are incurred.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the Company's assets for the calculation of depreciation are as follows:

Leasehold improvements	5 years
Office equipment	3 years
Plant and equipment	6 to 10 years
Computers	3 years
Motor vehicles	4 years



The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the period the item is derecognised.

The assets residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period end, and adjusted prospectively, if appropriate.

2.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined as follows:

- Raw material are valued at weighted average costs
- Finished goods and work in progress are valued at weighted average costs, which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity
- Goods-in-transits are valued at actual costs

Provision for inventory obsolescence is estimated on a systematic basis and deducted from the gross carrying value of the inventory.

Net realisable value is based on the estimated selling price in the ordinary course of business less any further costs expected to be incurred on completion and disposal.

2.6 Impairment of Non-Financial Assets

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

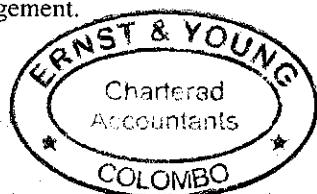
2.7 Trade and Other Receivables

Trade and other receivables are stated at original invoice amount less allowance for impairment. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

2.8 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and at banks, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand and at banks, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



2.9 Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.10 Trade and Other Payables

Trade and other payables are recognised for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not.

2.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.12 Employee Benefits

Employee Defined Benefit Plan – Gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method based on the formula prescribed in Sri Lanka Accounting Standards 19 - "Employee Benefits". Any actuarial gains or losses arising are recognized immediately in the Statement of Other Comprehensive Income. The companies are liable to pay gratuity in terms of the relevant statute. The gratuity liability is not externally funded.

Employee Contribution Plan – EPF and ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

2.13 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

The specific recognition criteria described below must also be met before revenue is recognised.



Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of other non-current assets, are accounted in the Statement of Comprehensive Income, after deducting the carrying amount from proceeds on disposal of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Interest Income

Interest income is recorded as it accrues using the effective interest method.

Dividend Income

Dividend income is recognised when the Company's right to receive the payments is established.

Others

Other income is recognized on an accrual basis.

2.14 Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income.

For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that "function of expenses" method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

Finance Costs

Finance costs comprise interest expense on bank overdrafts. Interest expense is recorded as it accrues using the effective interest method.

Operating Leases

Operating lease payments are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Others

Other expenses are recognized on an accrual basis.



2.15 Taxation

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

Deferred tax assets are recognized for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Comprehensive Income is recognised outside the Statement of Comprehensive Income. Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Comprehensive Income or Statement of Other Comprehensive Income.

Turnover Based Taxes

Turnover based taxes include Value Added Tax, Nation Building Tax and Economic Service Charge. The Company pay such taxes in accordance with the respective statutes.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories of the Company were USD 1,186,036 (2017: USD 970,907) with provision for obsolete and slow-moving inventories amounting to USD 4,375 (2017: Nil).

Employee Defined Benefit Plan -- Gratuity

The employee benefit liability of the Company is based on the projected unit credit method based on the formula prescribed in Sri Lanka Accounting Standards 19 - "Employee Benefits". The projected unit credit method based on the formula involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. Management reviews all assumptions at each reporting date and revised assumptions where appropriate.

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

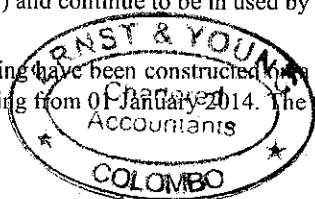
4. PROPERTY, PLANT AND EQUIPMENT

Gross Carrying Amounts		Balance			Balance
At Cost	As at	As at	As at	As at	As at
	01.04.2017	01.04.2017	31.03.2018	31.03.2018	31.03.2018
	USD	USD	USD	USD	USD
Leasehold Improvements	181,230	-	-	-	181,230
Office Equipment	74,830	5,839	(37,043)	-	43,626
Plant and Equipment	3,934,630	109,308	-	-	4,043,938
Computers	55,244	4,574	-	-	59,818
Motor Vehicles	78,782	-	(5,814)	-	72,968
Total Value of Depreciable Assets	4,324,716	119,721	(42,857)	-	4,401,580
In the Course of Construction					
Capital Work-In-Progress	-	10,526	-	-	10,526
	-	10,526	-	-	10,526
Total Gross Carrying Amount	4,324,716	130,247	(42,857)	-	4,412,106
Depreciation		Balance			Balance
At Cost	As at	Charge	Disposals	As at	As at
	01.04.2017	for the year	USD	31.03.2018	31.03.2018
	USD	USD	USD	USD	USD
Leasehold Improvements	154,326	14,585	-	-	168,911
Office Equipment	56,708	3,149	(31,383)	-	28,474
Plant and Equipment	2,924,534	223,179	-	-	3,147,713
Computers	44,611	7,524	-	-	52,135
Motor Vehicles	59,099	5,887	(5,609)	-	59,377
Total Depreciation	3,239,278	254,324	(36,992)	-	3,456,610
Net Book Value			2018	2017	
			USD	USD	
Leasehold Improvements			12,319	26,904	
Office Equipment			15,152	18,122	
Plant and Equipment			896,225	1,010,096	
Computers			7,683	10,633	
Motor Vehicles			13,591	19,683	
			944,970	1,085,438	
Capital Work-In-Progress			10,526	-	
			10,526	-	
			955,496	1,085,438	

4.1 During the period, the Company acquired property, plant and equipment to the aggregate value of USD 130,247 (2017: USD 268,871). Cash payments amounting to USD 130,247 (2017: USD 268,871) were made during the period for purchase of property, plant and equipment.

4.2 Property, plant and equipment includes fully depreciated assets having gross carrying amounts of USD 2,099,961 (2017: USD 2,118,955) and continue to be in used by the Company.

4.3 The building have been constructed on leasehold land for operating lease from Mr. MGDSG Puswella for a period of 5 years commencing from 01 January 2014. The Company pays USD 54,582 per annum as lease rental.



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

5. INVENTORIES	2018 USD	2017 USD
Raw Materials	165,406	103,852
Work in Progress	378,517	396,294
Finished Goods	469,880	470,761
Goods in Transit	172,233	-
	<u>1,186,036</u>	<u>970,907</u>
Provision for Obsolete and Slow-moving Inventories	(4,375)	-
	<u>1,181,661</u>	<u>970,907</u>

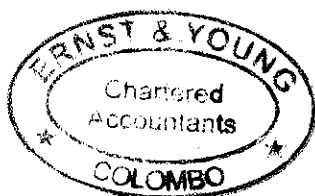
Movements in the provision for obsolete and slow-moving inventories are as follows:

Provided during the year	4,375	-
As at 31 March	<u>4,375</u>	<u>-</u>

6. PREPAYMENTS AND OTHER RECEIVABLES	2018 USD	2017 USD
Deposits and Advances	19,378	279,165
Prepayments	9,090	15,884
Other Receivables	60,692	60,112
	<u>89,160</u>	<u>355,161</u>

7. AMOUNTS DUE FROM RELATED PARTIES		2018 USD	2017 USD
Trade Receivables	Relationship		
Kyungshin Industrial Motherson Limited	Affiliate	2,202,590	1,632,586
Motherson Sumi Systems Limited	Parent	96,483	249,414
Motherson Sumi Electric Wires, Chennai	Affiliate	87,045	-
		<u>2,386,118</u>	<u>1,882,000</u>
Other Receivables			
MSSL Mauritius Holdings Limited	Affiliate	-	4,559,228
		<u>-</u>	<u>4,559,228</u>
		<u>2,386,118</u>	<u>6,441,228</u>

Transactions with related parties are disclosed in Note 23.



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows include the following statement of financial position amounts:

	2018 USD	2017 USD
Favourable Cash and Cash Equivalent Balances		
Cash on Hand	610	881
Bank Balances	1,400,142	387,557
Bank Balances and Cash	<u>1,400,752</u>	<u>388,438</u>
Short-term Deposits	2,000,000	2,500,000
	<u>3,400,752</u>	<u>2,888,438</u>
Unfavourable Cash and Cash Equivalent Balances		
Bank Overdraft	(2,823)	-
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	<u><u>3,397,929</u></u>	<u><u>2,888,438</u></u>

9. STATED CAPITAL

	2018 Number	2017 Number	2018 USD	2017 USD
Fully Paid Ordinary Shares	<u>1,456,202</u>	<u>1,456,202</u>	<u>151,814</u>	<u>151,814</u>

10. EMPLOYEE DEFINED BENEFIT LIABILITIES

	2018 USD	2017 USD
At the beginning of the year	37,759	38,900
Current Service Cost	7,128	5,619
Interest Cost	3,515	4,720
Actuarial Loss/(Gain)	5,391	(9,445)
Benefits paid	(3,311)	-
Exchange Gain	(1,240)	(2,035)
At the end of the year	<u>49,242</u>	<u>37,759</u>

Following principal assumptions were used in determining employee defined benefit liabilities:

	2018	2017
Future salary increases	12%	12%
Discount rate	11.2%	12.9%



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

11. TRADE AND OTHER PAYABLES	2018 USD	2017 USD
Trade Payables	6,764	-
Accrued Expenses	102,606	95,065
Other Payables	44,049	42,113
	<u>153,419</u>	<u>137,178</u>

12. AMOUNTS DUE TO RELATED PARTIES	2018 USD	2017 USD
Other Payables		
MAS Middle East Limited, (FZE)	240,000	-
Sumitomo Wiring Systems Limited, Japan	28,927	-
Motherson Sumi InfoTech and Design Limited	23,908	1,930
Motherson Air Travel Agencies Limited	9,763	165
Motherson Sumi Electric Wires, Noida	8,724	-
Motherson Auto Limited	4,433	4,854
Edcol Global Pte. Limited	1,435	-
Motherson Sumi Systems Limited, GmbH	-	13,895
	<u>317,190</u>	<u>20,844</u>

Transactions with related parties are disclosed in Note 23.

13. REVENUE	2018 USD	2017 USD
Export Sales	21,148,942	16,566,642
Local Sales	6,511	299,585
	<u>21,155,453</u>	<u>16,866,227</u>

14. FINANCE INCOME	2018 USD	2017 USD
Interest Income from Related Company	58,480	159,228
Interest Income from Short Term Deposits	23,998	10,182
	<u>82,478</u>	<u>169,410</u>

15. FINANCE COST	2018 USD	2017 USD
Bank Charges	8,674	8,942
Interest Expenses on Bank Overdraft	1,887	-
	<u>10,561</u>	<u>8,942</u>



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

16. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

	2018	2017
	USD	USD
<i>Included in Cost of Sales:</i>		
Cost of Material Consumed	15,482,931	12,265,513
Employee Benefits including the following:	116,818	140,437
- Employee Defined Benefit Liabilities - Gratuity	3,910	2,898
- Defined Contribution Plan Costs - EPF and ETF	9,326	11,542
Depreciation	223,179	209,415
Royalty	28,927	24,680
<i>Included in Administrative Expenses:</i>		
Employee Benefits including the following:	235,380	211,899
- Employee Defined Benefit Liabilities - Gratuity	6,733	7,441
- Defined Contribution Plan Costs - EPF and ETF	12,006	11,331
Professional Charges	999,295	988,917
Depreciation	31,145	29,983
Auditors Remuneration	11,560	7,128
Loss on Disposal of Property, Plant and Equipment	4,756	2,000
Legal Fees	132	382

17. INCOME TAX EXPENSES

17.1 The major components of income tax expense for the year ended 31 March are as follows:

Statement of Comprehensive Income

Current Income Tax

Current Income Tax Expense	382,256	263,625
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Deferred Income Tax

Deferred Taxation Charge	37,429	28,814
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Income Tax Expense recognised in Statement of Comprehensive Income

	419,685	292,439
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Statement of Other Comprehensive Income

Deferred Tax attributable to re-measurement (Loss)/Gain on Employee Defined Benefit Liabilities	(755)	1,417
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Deferred Tax (Reversal)/Charge recognised in Statement of Other Comprehensive Income

	(755)	1,417
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17.2 Reconciliation between Current Tax Expense and Accounting Profit

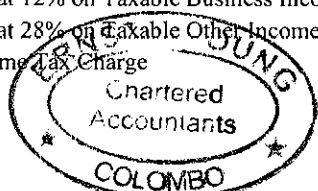
The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 March are as follows:

Profit before Tax	3,215,437	2,438,499
Disallowable Expenses	271,409	251,736
Allowable Expenses	(357,374)	(517,088)
Taxable Business Income	3,129,472	2,173,147

Other Sources of Income

Interest Income	23,998	10,182
Taxable Other Income	23,998	10,182

Income Tax at 12% on Taxable Business Income	375,537	260,774
Income Tax at 28% on Taxable Other Income	6,719	2,851
Current Income Tax Charge	382,256	263,625



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

17. INCOME TAX EXPENSE (Contd...)

17.3 Deferred Tax Liability	Statement of Financial Position		Statement of Comprehensive Income	
	2018 USD	2017 USD	2018 USD	2017 USD
Accelerated Depreciation for Tax Purposes	118,148	79,111	39,037	30,094
Employee Defined Benefit Liabilities	(6,894)	(4,531)	(2,363)	137
Deferred Tax Charge			36,674	30,231
Net Deferred Tax Liability	<u>111,254</u>	<u>74,580</u>		
Deferred Tax Charge during the year recognised in the Statement of Comprehensive Income			37,429	28,814
Deferred Tax (Reversal)/Charge during the year recognised in the Statement of Other Comprehensive Income			(755)	1,417
			<u>36,674</u>	<u>30,231</u>

18. EARNINGS PER SHARE

Basic Earnings per Share

Basic earning per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2018 USD	2017 USD
Amount used as the Numerator:		
Profit for the year attributable to ordinary shareholders of the Company	2,795,752	2,146,060
Number of Ordinary Shares used as the Denominator:		
Weighted average number of ordinary shares	1,456,202	1,456,202
Basic Earnings per Share	1.92	1.47

19. DIVIDEND PER SHARE

Dividend per share is calculated by considering the dividend paid for the year divided by the number of shares in issue which ranked for those divided.

	2018 USD	2017 USD
Dividend paid	7,000,000	-
Dividend per Ordinary Share	4.81	-

20. CONTINGENCIES AND COMMITMENTS

There were no material contingent liabilities and capital commitments outstanding at the reporting date.

As at reporting date, the Company has following operating lease and other commitments.

The Company has an annual commitment to USD 2,500 as ground rent to the Board of Investment of Sri Lanka.

The Company has to pay 1% royalty charge to Sumitomo Wiring Systems Limited calculated on sales less cost of material applicable to such sales.

The Company has an annual commitment to pay USD 54,582 as factory rent up to 31 December 2018 and thereafter the rent will be determined under the new terms and conditions. The Company has an annual commitment to pay USD 4,040 as staff house rent.

The Company has an annual commitment to pay USD 960,000 as corporate fee to MAS Middle East Limited (FZE) a related company.



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

21. ASSETS PLEDGED

There were no assets pledged as at the reporting date.

22. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

23. RELATED PARTY DISCLOSURES

Related parties represent the shareholders and key management personnel of the Company and entities controlled or jointly controlled by such parties. Pricing policies and terms of transactions with these related parties are approved by the Company's management.

Related Party Transactions

Transactions with related parties are as follows:

Related Party	Relationship	Nature of Transaction	Transaction Value	
			2018 USD	2017 USD
Kyungshin Industrial Motherson Limited	Affiliate	Sales of Automobile Wires	17,531,393	11,930,761
Motherson Sumi Systems Limited	Parent	Sales of Automobile Wires	3,530,504	4,635,881
Motherson Sumi Electrical Wires Limited, Chennai	Affiliate	Sales of Automobile Wires	87,045	-
MSSL Mauritius Holdings Limited	Affiliate	Interest Income	58,480	159,228
Motherson Sumi Electrical Wires Limited, Chennai	Affiliate	Purchases of Raw Materials	(1,343,204)	(1,205,112)
Motherson Sumi Electrical Wires Limited, Noida	Affiliate	Purchases of Raw Materials	(1,518)	(1,935)
MMSL WH System (Thailand) Co. Limited	Affiliate	Purchases of Raw Materials	-	(25,889)
MAS Middle East Limited, (FZE)	Affiliate	Raw Material Purchase Advisory Service Fee	(960,000)	(960,000)
Motherson Sumi InfoTech and Design Limited	Affiliate	Software Maintenance Fee	(35,157)	(28,907)
Sumitomo Wiring Systems Limited, Japan	Affiliate	Royalty	(28,927)	(24,680)
Motherson Sumi Systems Limited, GmbH	Affiliate	Insurance Advisory Professional Expense	(19,560)	(13,895)
Motherson Air Travel Agencies Limited	Affiliate	Air Ticket Charges	(9,598)	(4,674)
Motherson Auto Limited	Affiliate	Maintenance Support Fee	(4,433)	(4,854)
Motherson Sumi Electrical Wires Limited, Noida	Affiliate	Purchase of Plant and Equipment	(6,046)	-
		Purchase of Spare Parts	(450)	-
Edcol Global Pte. Limited	Affiliate	Purchase of Spare Parts	(2,759)	(2,474)

The transactions with related parties are made on ordinary course of business. Outstanding balances at the year-end are unsecured and interest free except amount due from MSSL Mauritius Holdings Limited, which carries interest at 6 months LIBOR plus 250 basis points per annum. No corporate guarantees provided to/received from related parties.

Related Party Balances

Amounts due from and due to related parties are disclosed in Notes 7 and 12, respectively.

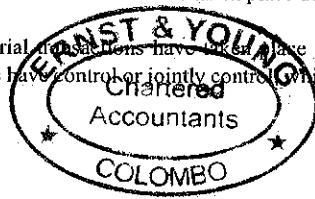
The Company has not recorded any impairment of receivables relating to amounts due from related parties as at 31 March 2018 (2017: Nil). This assessment is undertaken in each financial period through examining the financial position of the related party and the market in which the related party operates.

Transaction with Key Management Personnel

Key Management Personnel include the Board of Directors of the Company.

No material transactions have taken place during the year with the key management personnel of the Company.

No material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control or jointly control which require disclosure in these financial statements other than those disclosed above.



MOTHERSON ELECTRICAL WIRES LANKA (PRIVATE) LIMITED

**DETAILED EXPENDITURE STATEMENT
YEAR ENDED 31 MARCH 2018**

Motherson Electrical Wires Lanka (Private) Limited

DETAILED EXPENDITURE STATEMENT

Year Ended 31 March 2018

STATEMENT I

COST OF SALES	2018	2017
	USD	USD
Cost of Material Consumed	15,482,931	12,265,513
Overhead Expenses		
Salary	52,328	67,871
EPF and ETF	9,326	11,542
Gratuity	3,910	2,898
Bonus and Other Allowances	14,215	15,884
Overtime Expenses	37,039	42,242
Electricity Expenses	246,203	219,643
Depreciation	223,179	209,415
Repair and Maintenance	133,655	61,512
Consumable Stores	73,880	67,357
Factory Rent	54,582	56,552
Royalty	28,927	24,680
Equipment Expenses	18,812	10,659
Other Expenses	2,288	2,722
	<u>898,344</u>	<u>792,977</u>
	<u>16,381,275</u>	<u>13,058,490</u>



Motherson Electrical Wires Lanka (Private) Limited

DETAILED EXPENDITURE STATEMENT

Year Ended 31 March 2018

STATEMENT II

ADMINISTRATIVE EXPENSES

	2018 USD	2017 USD
Salary	90,096	84,854
EPF and ETF	12,006	11,331
Gratuity	6,733	7,441
Bonus and Other Allowances	77,424	65,335
Staff Welfare	33,716	27,683
Medical Expenses	8,639	8,176
Staff Rent	4,040	4,451
Training Expenses	1,417	1,135
Staff Transport	1,309	1,493
Professional Charges	999,295	988,917
Exchange Loss	44,964	9,445
Computer Maintenance and Software Charges	38,503	27,828
Depreciation	31,145	29,983
Security Charges	25,362	26,584
Vehicle Hire Charges	18,616	21,467
Foreign Travelling	18,269	14,297
Insurance	18,019	20,631
Repair and Maintenance	11,660	4,829
Audit Fee	11,560	7,128
Telephone Charges	7,588	4,207
Office Expenses	7,409	10,411
Vehicle Repair and Fuel	5,513	4,599
Loss on Disposal of Property, Plant and Equipment	4,756	2,000
Printing and Stationery	3,834	4,336
Postage and Courier	3,666	6,466
Legal Fee	132	382
Other Expenses	2,076	1,674
	<u>1,487,747</u>	<u>1,397,083</u>

STATEMENT III

DISTRIBUTION COST

	2018 USD	2017 USD
Freight and Forwarding	74,916	63,305
Packing Expenses	67,995	69,318
	<u>142,911</u>	<u>132,623</u>

