

MSSL WH System (Thailand) Limited  
Report and financial statements  
31 March 2023

## **Independent Auditor's Report**

To the Shareholders of MSSL WH System (Thailand) Limited

### **Opinion**

I have audited the accompanying financial statements of MSSL WH System (Thailand) Limited (the Company), which comprise the statement of financial position as at 31 March 2023, and the related statements of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MSSL WH System (Thailand) Limited as at 31 March 2023 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.

*Serm B.*

Serm Brisuthikun

Certified Public Accountant (Thailand) No. 9452

EY Office Limited

Bangkok: 11 July 2023

**MSSL WH System (Thailand) Limited****Statement of financial position****As at 31 March 2023**

(Unit: Baht)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	39,303,485	19,357,819
Trade and other receivables	7	286,861,185	219,167,080
Inventories	8	338,668,303	306,564,479
Value added tax receivables		1,494,232	971,256
Other current assets		2,891,507	4,299,012
<b>Total current assets</b>		<u>669,218,712</u>	<u>550,359,646</u>
<b>Non-current assets</b>			
Restricted bank deposits	6	1,001,000	1,001,000
Building, leasehold improvement and equipment	9	163,719,961	175,942,300
Deposits		1,303,560	1,267,560
<b>Total non-current assets</b>		<u>166,024,521</u>	<u>178,210,860</u>
<b>Total assets</b>		<u>835,243,233</u>	<u>728,570,506</u>

The accompanying notes are an integral part of the financial statements.

**MSSL WH System (Thailand) Limited**

**Statement of financial position (continued)**

**As at 31 March 2023**

(Unit: Baht)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	10	-	55,000,000
Trade and other payables	11	104,335,286	126,568,013
Current portion of long-term loans from financial institutions	12	-	40,000,000
Current portion of long-term loans from related party	13	17,131,550	-
Income tax payable		13,970,440	5,038,220
Other current liabilities		1,512,813	1,320,138
<b>Total current liabilities</b>		<u>136,950,089</u>	<u>227,926,371</u>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions			
- net of current portion	12	-	30,000,000
Long-term loans from related party			
- net of current portion	13	68,526,200	50,955,300
Provision for long-term employee benefits	14	8,985,310	7,816,081
<b>Total non-current liabilities</b>		<u>77,511,510</u>	<u>88,771,381</u>
<b>Total liabilities</b>		<u>214,461,599</u>	<u>316,697,752</u>

The accompanying notes are an integral part of the financial statements.

**MSSL WH System (Thailand) Limited**

**Statement of financial position (continued)**

**As at 31 March 2023**

(Unit: Baht)

	<u>2023</u>	<u>2022</u>
<b>Shareholders' equity</b>		
Share capital		
Registered		
15,000,000 ordinary shares of Baht 10 each	150,000,000	150,000,000
Issued and fully paid		
15,000,000 ordinary shares of Baht 10 each	150,000,000	150,000,000
Retained earnings - unappropriated	470,781,634	261,872,754
<b>Total shareholders' equity</b>	<b>620,781,634</b>	<b>411,872,754</b>
<b>Total liabilities and shareholders' equity</b>	<b>835,243,233</b>	<b>728,570,506</b>

The accompanying notes are an integral part of the financial statements.



Directors

**MSSL WH System (Thailand) Limited****Income statement****For the year ended 31 March 2023**

(Unit: Baht)

	<u>2023</u>	<u>2022</u>
Sales	1,343,212,596	1,060,872,487
Cost of sales	(1,015,371,104)	(779,248,622)
<b>Gross profit</b>	<b>327,841,492</b>	<b>281,623,865</b>
Gain on exchange	2,371,576	2,944,075
Other income	3,403,505	4,028,335
<b>Profit before expenses</b>	<b>333,616,573</b>	<b>288,596,275</b>
Selling and distribution expenses	6,855,802	4,517,943
Administrative expenses	87,116,060	74,323,179
<b>Total expenses</b>	<b>93,971,862</b>	<b>78,841,122</b>
<b>Profit before finance cost and income tax expenses</b>	<b>239,644,711</b>	<b>209,755,153</b>
Finance cost	(6,595,208)	(4,642,258)
<b>Profit before income tax expenses</b>	<b>233,049,503</b>	<b>205,112,895</b>
Income tax expenses	(24,140,623)	(9,704,559)
<b>Net profit for the year</b>	<b>208,908,880</b>	<b>195,408,336</b>

The accompanying notes are an integral part of the financial statements.



**MSSL WH System (Thailand) Limited**

**Statement of changes in shareholders' equity**

**For the year ended 31 March 2023**

(Unit: Baht)

	Paid-up share capital	Retained earnings - unappropriated	Total
<b>Balance as at 1 April 2021</b>	150,000,000	66,464,418	216,464,418
Net profit for the year	-	195,408,336	195,408,336
<b>Balance as at 31 March 2022</b>	150,000,000	261,872,754	411,872,754
<b>Balance as at 1 April 2022</b>	150,000,000	261,872,754	411,872,754
Net profit for the year	-	208,908,880	208,908,880
<b>Balance as at 31 March 2023</b>	150,000,000	470,781,634	620,781,634

The accompanying notes are an integral part of the financial statements.

## **MSSL WH System (Thailand) Limited**

### **Notes to financial statements**

**For the year ended 31 March 2023**

#### **1. General information**

MSSL WH System (Thailand) Limited ("the Company") is a limited company incorporated and domiciled in Thailand. Its parent company is MSSL (S) Pte Ltd., which was incorporated in Singapore. The parent company of the Group is Samvardhana Motherson International Limited (Formerly known as "Motherson Sumi Systems Limited"). The Company is principally engaged in the manufacture and distribution of wiring harness. The registered office of the Company is at 500/51 Moo 3, WHA Eastern Seaboard Industrial Estate 1, Tasith, Pluakdaeng, Rayong Province.

#### **2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### **3. New financial reporting standard**

The Federation of Accounting Professions has issued the revised Thai Financial Reporting Standard for Non-Publicly Accountable Entities, which is effective for fiscal years beginning on or after 1 January 2023. The standard was revised in order to provide a more complete scope and to provide more options on accounting treatments while maintaining simplicity in application.

The management of the Company believes that adoption of the revised standard will not have any significant impact on the Company's financial statements.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value-added tax, of goods supplied after deducting discounts and allowances.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### **4.3 Trade and other receivables**

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt ageing.

##### **4.4 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined by First-in First-out method.

##### **4.5 Building, leasehold improvement and equipment/Depreciation**

Building, leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

Depreciation of building, leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Buildings and leasehold improvement	14 years
Machinery and factory equipment	9 - 10 years
Office equipment	6 years
Motor vehicles	4 years
Computer	3 years

Depreciation is included in determining income. No depreciation is provided on assets under installation.

#### **4.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred.

#### **4.7 Long-term leases**

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

#### **4.8 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

#### **4.9 Provisions**

Provisions are recognised when the Company has a present 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.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

#### **4.10 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **5. Use of accounting estimates**

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

## 6. Cash and cash equivalents

	(Unit: Baht)	
	2023	2022
Cash on hand	31,140	31,140
Cash at bank	40,273,345	20,327,679
Total	40,304,485	20,358,819
Less: Deposit at bank pledged as collateral	(1,001,000)	(1,001,000)
Cash and cash equivalents - net	39,303,485	19,357,819

As at 31 March 2023, the deposit amount of Baht 1,001,000 (2022: Baht 1,001,000) has been pledged as collateral for bank guarantees as mentioned in Note 16.3.

## 7. Trade and other receivables

	(Unit: Baht)	
	2023	2022
Trade receivables - related parties	1,643,391	1,779,877
Trade receivables - unrelated parties	283,711,945	216,943,280
Prepaid expenses	1,505,849	1,307,785
Total	286,861,185	220,030,942
Less: Allowance for doubtful accounts	-	(863,862)
Trade and other receivables - net	286,861,185	219,167,080

## 8. Inventories

	(Unit: Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2023	2022	2023	2022	2023	2022
Finished goods	34,178,472	23,578,062	(4,477,175)	(3,718,900)	29,701,297	19,859,162
Work in process	52,459,138	64,243,173	(503,492)	(1,048,689)	51,955,646	63,194,484
Raw materials	220,624,450	189,495,434	(8,975,726)	(3,945,825)	211,648,724	185,549,609
Goods in transit	45,362,636	37,961,224	-	-	45,362,636	37,961,224
Total	352,624,696	315,277,893	(13,956,393)	(8,713,414)	338,668,303	306,564,479

During the current year, the Company reduced cost of inventories by Baht 5,788,175 (2022: Baht 2,082,565), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 545,196 (2022: Baht 2,998,518), and reduced the amount of inventories recognised as expenses during the year.

## 9. Building, leasehold improvement and equipment

(Unit: Baht)

	Building and leasehold improvement	Machinery and factory equipment	Office equipment	Motor vehicles	Computer	Total
<b>Cost</b>						
1 April 2021	176,245,322	52,960,582	2,939,303	5,843,525	2,740,942	240,729,674
Additions	-	20,563,843	203,601	-	13,500	20,780,944
31 March 2022	176,245,322	73,524,425	3,142,904	5,843,525	2,754,442	261,510,618
Additions	-	5,696,392	81,500	-	1,577,300	7,355,192
31 March 2023	176,245,322	79,220,817	3,224,404	5,843,525	4,331,742	268,865,810
<b>Accumulated depreciation</b>						
1 April 2021	22,247,421	33,869,625	1,403,365	5,843,525	2,515,042	65,878,978
Depreciation for year	12,588,952	6,580,433	420,503	-	99,452	19,689,340
31 March 2022	34,836,373	40,450,058	1,823,868	5,843,525	2,614,494	85,568,318
Depreciation for year	12,588,951	6,291,579	411,471	-	285,530	19,577,531
31 March 2023	47,425,324	46,741,637	2,235,339	5,843,525	2,900,024	105,145,849
<b>Net book value</b>						
31 March 2022	141,408,949	33,074,367	1,319,036	-	139,948	175,942,300
31 March 2023	128,819,998	32,479,180	989,065	-	1,431,718	163,719,961

## 10. Short-term loans from financial institutions

As at 31 March 2022, the short-term loans from financial institutions bear interest at the rate of 1.82% per annum. During the current year, the Company made fully repayment of these loans.

## 11. Trade and other payables

(Unit: Baht)

	2023	2022
Trade payables - related parties	37,450,043	61,096,397
Trade payables - unrelated parties	62,083,908	60,936,944
Accrued expenses	4,801,335	4,534,672
<b>Total</b>	<b>104,335,286</b>	<b>126,568,013</b>

## 12. Long-term loans from financial institutions

	(Unit: Baht)	
	2023	2022
Long-term loans from financial institutions	-	70,000,000
Less: Current portion	-	(40,000,000)
Long-term loans from financial institutions - net	-	30,000,000

Long-term loans from financial institutions bear interest at rates based on BIBOR plus 1.45% per annum. The loans are repayable by quarterly installments with prescribed principal repayment in the agreement within 5 years from the drawdown date. The loans are guaranteed by the parent company of the Group ("the Guarantor"). During the current year, the Company made fully repayment of these loans.

The loan agreements contain covenants as specified in the agreement that, among other things, requires the Guarantor to maintain a certain net leverage ratio according to the agreement.

## 13. Long-term loans from related party

				(Unit: Baht)	
Loan	Interest rate (percent per annum)	Repayment schedule	2023	2022	
1	3.00	Due within 30 June 2025	-	17,500,000	
2	LIBOR + 1.5	Due within 31 March 2024	17,131,550	33,455,300	
3	SOFR + 1.8	Due within 24 July 2025	68,526,200	-	
Total			85,657,750	50,955,300	
Less: Current portion			(17,131,550)	-	
Long-term loans, net of current portion			68,526,200	50,955,300	

During the current year, the Company made fully repayment of loan No.1.

#### 14. Provision for long-term employee benefits

	(Unit: Baht)
As at 1 April 2021	6,326,119
Increase during the year	<u>1,489,962</u>
As at 31 March 2022	7,816,081
Increase during the year	<u>1,169,229</u>
As at 31 March 2023	<u>8,985,310</u>

The provisions represent the Company's obligations payable to its employees when they reach retirement age. They are determined based on the employee's age, length of employment services and salary increase rate, among other things.

#### 15. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of wiring harness, pursuant to the promotion certificate No. 2426(2)/2555 issued on 2 July 2012. Subject to certain imposed conditions, the privileges include the exemption from import duty on approved machinery, the exemption for import duty on approved raw materials and the exemption from corporate income tax for the promoted activities not in excess of 100% of investments excluding land cost and working capital for a period of 8 years from the date of commencement of earning revenue (20 March 2013) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

#### 16. Commitments and contingent liabilities

##### 16.1 Capital commitments

As at 31 March 2023, the Company had capital commitments of approximately Baht 3.3 million (2022: Nil), relating to acquisition of machinery and equipment.

##### 16.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of land and service contracts. The terms of the agreements are generally between 1 to 15 years.



Future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	(Unit: Baht)	
	As at 31 March	
	2023	2022
Payable:		
In up to 1 year	3,230,321	2,555,321
In over 1 and up to 5 years	10,944,439	10,655,688
In over 5 years	15,351,127	18,195,199

### **16.3 Guarantees**

As at 31 March 2023, there were outstanding bank guarantees of approximately Baht 1.0 million issued by a financial institution on behalf of the Company in respect of custom duty.

As at 31 March 2022, there were outstanding bank guarantees of approximately Baht 1.2 million issued by a financial institution on behalf of the Company in respect of electricity use and custom duty.

### **17. Approval of financial statements**

These financial statements were authorised for issue by authorised directors of the Company on 11 July 2023.