Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Auditor's report & financial statements
For the year ended March 31, 2023

Motherson Technology Service Mid East FZ-LLC
Dubai - United Arab Emirates

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Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

General information

Principal office address	:	Premise No. 105 and 106 Floor 1, Building 15 Dubai Internet City Dubai, United Arab Emirates Email: info.mea@motherson.com	
Website	:	www.motherson.com	
The Directors	:	Name	Nationality
		Mr. Atul Kumar Agarwal	Indian
		Mr. Sanjiv Suri	Indian
		Mr. Rajesh Thakur	Indian
The Auditor	:	Youssry & Co. Auditing & Consultancy P.O. Box 495 Dubai, United Arab Emirates	
The Banks	:	Citi Bank First Abu Dhabi Bank	

Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Directors' Report

The Directors has the pleasure in presenting the report and the audited financial statements for the year ended March 31, 2023.

Principal activities of the Entity :

The principal activities of the entity are unchanged since the previous year and consist of consultancy, Customer service, Developer, Solution provider, and Support service provider related to Information Technology.

Financial review:

The below table summarized the result of 2022-2023 and 2021-2022

	2023	2022
	AED	AED
Revenue	4,161,832	81,508
Gross profit	688,126	43,055
Gross profit margin	16.53%	52.82%
Net loss for the year/period	(2,447,058)	(2,918,429)

Role of the Directors:

The Directors are the Entity's principal decision-making forum. The Directors has the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through its guidance and supervision of the Entity's business. The Directors sets the strategies and policies of the Entity and monitors performance of the Entity's business, guides and supervises its management.

Going concern:

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes it to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

Events after year end:

In the opinion of the Directors no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditor:

M/s. Youssry & Co. Auditing & Consultancy, Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Director's responsibilities:

The applicable requirements, requires the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

Statement of Director's responsibilities (continued) :

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statement were approved by the Board and signed on behalf by the authorized representative of the Entity.

Mr. Atul Kumar Agarwal
On behalf of Board of Directors
May 22, 2023

Ref: TCFS/035/April 2023

Independent auditor's report

To,
The Shareholder
Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **Motherson Technology Service Mid East FZ-LLC**, Dubai - United Arab Emirates ("Entity") which comprise the statement of financial position as at **March 31, 2023**, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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 ISAs 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.

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Youssry Global & Associates - U.K.
Offices : U.K, Canada, Egypt, Dubai, Sharjah & Saif Zone

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, 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 Entity'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.

We 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 we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Subject to the above, as required by the provisions of law No. (1) of 2000 of the Emirate of Dubai establishing the Dubai Development Authority, Dubai, United Arab Emirates. We further confirm that,

1 We have obtained all the information and explanations which we consider necessary for our audit,

2 The financial statements have been prepared and comply in all material respects with the applicable provisions of the law No. (1) of 2000 of the Emirate of Dubai establishing the Dubai Development Authority

3 Proper books of accounts have been maintained by the Entity,

Report on other legal and regulatory requirements (continued)

4 The Entity has not made any investments in share and stocks during the year ended March 31, 2023,

5 Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the law No. (1) of 2000 of the Emirate of Dubai establishing the Dubai Development Authority, which would materially affect its activities or its financial position as of March 31, 2023.

يسري وشركاه للاستشارات وتدقيق الحسابات
P.O.Box: 95463
Dubai - U.A.E.
Youssry & Co. Auditing & Consultancy

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Dubai, United Arab Emirates
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May 23, 2023

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Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of financial position as at March 31, 2023
(In Arab Emirates Dirham)

	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	5	**537,447**	679,563
Total non current assets		**537,447**	679,563
Current assets			
Account receivables	6	**989,899**	75,697
Advances, deposits and other receivables	7	**489,688**	146,357
Cash and bank balances	8	**71,631**	53,693
Total current assets		**1,551,218**	275,747
Total assets		**2,088,665**	955,310
Equity and liabilities			
Equity			
Share capital	9	**400,000**	400,000
Accumulated losses	10	**(5,809,577)**	(3,362,519)
Total equity		**(5,409,577)**	(2,962,519)
Non-current liabilities			
Unsecured loan	11	**6,299,225**	3,250,000
Employees' end of service benefits	12	**176,914**	43,049
Total non-current liabilities		**6,476,139**	3,293,049
Current liabilities			
Account, Provisions and other payables	13	**830,242**	102,884
Employee Benefits Payable	14	**171,935**	521,896
Deferred Revenue	15	**19,926**	-
Total current liabilities		**1,022,103**	624,780
Total liabilities		**7,498,242**	3,917,829
Total equity and liabilities		**2,088,665**	955,310

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 - 24 were approved on May 22, 2023 and signed on behalf of the Entity, by:

Mr. Atul Kumar Agarwal
On behalf of Board of Directors

Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2023
(In Arab Emirates Dirham)

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue	16	**4,161,832**	81,508
Direct cost	17	**(3,473,706)**	(38,453)
Gross profit		**688,126**	43,055
Selling expenses	18	**(34,242)**	(59,734)
Administrative expenses	19	**(524,903)**	(364,165)
Employee benefit expense	20	**(2,134,073)**	(2,402,324)
Depreciation on property and equipment	5	**(142,116)**	(96,136)
Finance costs	21	**(299,850)**	(39,125)
Loss for the year		**(2,447,058)**	(2,918,429)

The accompanying notes form an integral part of these financial statements.

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Mr. Atul Kumar Agarwal
On behalf of Board of Directors

Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2023
(In Arab Emirates Dirham)

	Share capital	**Retained earnings**	**Total equity**
Balance as at March 31, 2021	400,000	(444,090)	(44,090)
Loss for the year	-	(2,918,429)	(2,918,429)
Balance as at March 31, 2022	400,000	(3,362,519)	(2,962,519)
Loss for the year	-	(2,447,058)	(2,447,058)
Balance as at March 31, 2023	**400,000**	**(5,809,577)**	**(5,409,577)**

Motherson Technology Service Mid East FZ-LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of cash flows for the year ended March 31, 2023
(In Arab Emirates Dirham)

	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flows from operating activities		
Net loss for the year	**(2,447,058)**	(2,918,429)
Adjustments for:		
Depreciation on property, plant and equipment	**142,116**	96,136
Finance costs	**299,850**	39,125
Provision for employees' end of service benefits	**160,698**	43,049
	(1,844,394)	(2,740,119)
(Increase) / decrease in current assets		
Account receivables	**(914,202)**	(75,697)
Advances, deposits and other receivables	**(343,331)**	33,761
Increase / (decrease) in current liabilities		
Account, Provisions and other payables	**727,358**	199,549
Deferred Revenue	**19,926**	-
Employee Benefits Payable	**(349,961)**	235,674
Cash generated from operations	**(2,704,604)**	(2,346,832)
Employees' end-of-services benefits paid	**(26,833)**	-
Finance costs paid	**(299,850)**	(39,125)
Net cash (used in) operating activities	**(3,031,287)**	(2,385,957)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(767,118)
Capital work in progress	-	350,929
Net cash from / (used in) investing activities	-	(416,189)
Cash flows from financing activities		
Unsecured loan	**3,049,225**	2,750,000
Net cash from / (used in) financing activities	**3,049,225**	2,750,000
Net (decrease) / increase in cash and cash equivalents	**17,938**	(52,146)
Cash and cash equivalents, beginning of the year	**53,693**	105,839
Cash and cash equivalents, end of the year	**71,631**	53,693
Cash and cash equivalents		
Cash in hand	**507**	507
Cash at banks	**71,124**	53,186
	71,631	53,693

1 Legal status and business activities

1.1 Motherson Technology Service Mid East FZ-LLC, Dubai – United Arab Emirates (the "Entity") was registered on 15 September 2020 as a Free Zone Limited Liability Company (FZ-LLC) and operates in the United Arab Emirates under a commercial license issued by the Dubai Development Authority.

1.2 The Entity is licensed by Authority to consultancy, Customer service, Developer, Solution provider, and Support service provider related to Information Technology.

1.3 The registered office of the Entity is located at Premise No. 105 and 106, Floor 1, Building 15, Dubai Internet City, Dubai, United Arab Emirates.

1.4 The management and control are vested with Board of Directors.

1.5 These financial statements incorporate the operating results of the commercial license no. 97625

2 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of March 31, 2023, the Entity has a deficit in the equity of AED 5,409,577.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Entity be unable to continue as a going concern since the Entity's shareholders have committed to provide such financial support as may be required to enable the Entity to meet its debts and obligations as they fall due.

3 New and amended standards

3.1 New and revised IFRSs applied with no material effect on the financial statements

The Entity has applied the following standards and amendments for the first time for their annual reporting period. The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Annual Improvements to IFRSs 2012-2014 cycles:

- IFRS 5 " Non-current Assets Held for Sale and Discontinued Operations ": Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- IAS 19 "Employee Benefits": Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Amendments to IFRS 11 "Joint Arrangements" clarify accounting for acquisitions of an Interests in Joint Operations where the activities of the operation constitute a business.

3 New and amended standards (continued)

3.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Disclosure Initiative-Amendments to IAS 1"Presentation of Financial Statements" makes the following changes:

- Materiality: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- Disaggregation and subtotals: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

Amendments to IAS 27 "Separate Financial Statements" which allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost or as financial asset in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements. The amendments introduce the equity method as a third option.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures ": Clarifies the exception from preparing consolidated financial statements available to intermediate parent entities which are subsidiaries of investments entities.

4 Significant accounting policies

4.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of UAE Laws. These financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

4.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

4 Significant accounting policies (continued)

4.3 Current/Non current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

4.4 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprises of purchase price, together with any incidental expense of acquisition.

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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment, using the straight-line method over its useful lives as follows:

	Years
Computer and IT equipments	3
Furniture and fixtures	10

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

4 Significant accounting policies (continued)

4.6 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

4.7 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

4.8 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss ' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", due from related parties", "shareholders' loan" and "loan from related parties" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

4 Significant accounting policies (continued)

4.8 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise 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 and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Impairment of financial assets

Assets carried at amortised cost

The Entity 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 recognized 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 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 statement of profit or loss.

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, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

4 Significant accounting policies (continued)

4.9 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, due to and loans from related parties.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trades payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, 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.

4.11 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

4.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

4 Significant accounting policies (continued)

4.12 Revenue recognition (continued)

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

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

Rendering of services

Revenue from sale of services are recognised over the period of time to the extent the related services are rendered as per the respective agreements as and when the customer consumed the benefits provided to them.

Revenue on time-and-material and unit of work-based contracts, are recognized as the related services are performed. Fixed-price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage-ofcompletion method Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. The revenue from the last invoicing to the report date is recognised as unbilled revenue. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

In arrangements for bundled contracts, the company has applied the revenue recognition criteria for each distinct performance obligation. The arrangements with the customers generally meet the criteria for considering related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of the contract at its relative standalone selling price.

4.13 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

4 Significant accounting policies (continued)

4.13 Critical accounting judgements and key sources of estimation uncertainty (Continued)

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Under normal circumstances, in recognising the revenue the management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Property, plant and equipment

	Computer and IT equipments	Furniture and fixtures	Total
Cost			
As at March 31, 2022	223,764	552,294	776,058
Additions during the year	-	-	-
As at March 31, 2023	**223,764**	**552,294**	**776,058**
Accumulated depreciation			
As at March 31, 2022	28,504	67,991	96,495
Charge for the year	49,462	92,654	142,116
As at March 31, 2023	**77,966**	**160,645**	**238,611**
Carrying value as at March 31, 2023	**145,798**	**391,649**	**537,447**
Carrying value as at March 31, 2022	195,260	484,303	679,563

6 Account receivables

	2023	2022
Account receivables	**1,003,998**	75,697
Less: Allowance for doubtful debts	**(14,099)**	-
	989,899	75,697

7 Advances, deposits and other receivables

	2023	2022
Prepayments	**133,004**	97,504
Margin	**243,454**	-
Deposits	**50,000**	-
VAT Receivables	-	1,372
Advances	**6,439**	47,481
Bills receivables	**56,791**	-
	489,688	146,357

8 Cash and bank balances

	2023	2022
Cash in hand	**507**	507
Cash at banks	**71,124**	53,186
	71,631	53,693

9 Share capital

Authorised, issued and paid up capital of the Entity is AED 400,000, divided into 400 shares of AED 1,000 each fully paid.

The details of the shareholding as at reporting date are as follows:

Name of Shareholder	**Percentage**	**No of shares**	**2023**	2022
Motherson Technology Services Limited	100%	**400**	**400,000**	400,000
	100%	**400**	**400,000**	400,000

10 Accumulated losses

	2023	2022
Balance at the beginning of the year/period	**(3,362,519)**	(444,090)
Loss for the year	**(2,447,058)**	(2,918,429)
Balance at the end of the year	**(5,809,577)**	(3,362,519)

11 Unsecured loan

MTSL India - ICD	**3,250,000**	3,250,000
MTS UK- ICD	**3,049,225**	-
	6,299,225	3,250,000

12 Employees' end of service benefits

Balance at the beginning of the year	**43,049**	-
Add: charge for the year	**160,698**	43,049
Less: paid during the year	**(26,833)**	-
Balance at the end of the year	**176,914**	43,049

13 Account, Provisions and other payables

Account payables	**504,545**	67,180
Leave Salary	**223,144**	-
Other Expenses	**46,515**	
Interest payable	-	35,704
VAT	**56,038**	-
	830,242	102,884

14 Employee Benefits Payable

Employee Benefits Payable	**171,935**	521,896
	171,935	521,896

15 Deferred Revenue

Deferred Revenue	**19,926**	-
	19,926	-

		For the year ended 31 March 2023	For the year ended 31 March 2022
16	**Revenue**		
	Revenue	**4,161,832**	81,508
		4,161,832	81,508
17	**Direct cost**		
	Design and develoment charges	**3,473,706**	38,453
		3,473,706	38,453
18	**Selling expenses**		
	Business promotion	**34,242**	59,734
		34,242	59,734
19	**Administrative expenses**		
	Rent	**225,889**	164,020
	Legal, visa and professional	**152,266**	90,124
	License fees	**43,284**	10,697
	Telephone and communications	**47,497**	65,057
	Insurance	**3,022**	2,024
	Travelling expenses	**40,128**	11,145
	Office expenses	**11,914**	19,289
	Others	**903**	1,809
		524,903	364,165
20	**Employee benefit expense**		
	Salary expense	**1,581,248**	2,301,938
	Leave Salary	**244,694**	-
	Gratuity	**160,698**	-
	Staff Welfare	**33,970**	-
	Insurance	**113,463**	100,386
		2,134,073	2,402,324
21	**Finance costs**		
	Bank charges	**14,838**	3,729
	Interest on borrowings (Note 12)	**285,012**	35,396
		299,850	39,125

22 Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 4 to the financial statements.

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

	As at March 31,		As at March 31,	
	2023	2022	**2023**	2022
Financial assets	Carrying amount		Fair value	
Account receivables	**989,899**	75,697	**989,899**	75,697
Other receivables	**6,439**	47,481	**6,439**	47,481
Cash and bank balances	**71,631**	53,693	**71,631**	53,693
	1,067,969	176,871	**1,067,969**	176,871
Financial liabilities				
Unsecured loan	**6,299,225**	3,250,000	**6,299,225**	3,250,000
Account, Provisions and other payables	**830,242**	102,884	**830,242**	102,884
Other Financial Liabilities	368,775	564,945	**368,775**	564,945
	7,498,242	3,917,829	**7,498,242**	3,917,829

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, trade receivables, and certain other assets. Financial liabilities consist of trade payables, accruals, and certain other liabilities.

As at March 31, 2023 , carrying values of financial assets and financial liabilities are same as fair value.

23 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

a) Foreign currency risk management

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) Interest rate risk management

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to loans from its shareholders at its disposal to further reduce liquidity risk.

24 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.