

مؤسسة النداء لتدقيق الحسابات

AL NEDAA AUDITING
ACCOUNTANTS

هاتف : ٥٦٨٧٢٧٢ - ٠٦ ، فاكس : ٥٦٨١٧١٥ - ٠٦

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محاسبون قانونيون ومدققو حسابات

Motherson Wiring System (FZE)
Financial statements

For the year ended 31 March 2021

Financial statements
For the year ended 31 March 2021

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Independent auditor's report

**To the Shareholders of the Motherson Wiring System (FZE)
Report on the Financial Statements**

We have audited the accompanying financial statements of Motherson Wiring System (FZE) which comprise the balance sheet as of **31 March 2021** and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

AL NEDAA AUDITING ACCOUNTANTS

SHARJAH, UNITED ARAB EMIRATES

Samir Zaki Amin Ahmed

Registration No: 440



Date: 04th July 2021



Statement of Financial Position

	Notes	As at 31 March 2021 Euro	As at 31 March 2020 Euro
ASSETS			
Property, plant and equipment	4	-	-
Right-to-use assets (IFRS 16)	5	113,476	124,511
Non-current assets		<u>113,476</u>	<u>124,511</u>
Receivables and prepayments	7	1,026,673	1,052,380
Cash and cash equivalents	8	261,730	128,230
Current assets		<u>1,288,403</u>	<u>1,180,610</u>
Total assets		<u><u>1,401,879</u></u>	<u><u>1,305,121</u></u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	10	32,100	32,100
Retained earnings/ (Losses)		(1,316,088)	(1,418,028)
Shareholders' equity		<u>(1,283,988)</u>	<u>(1,385,928)</u>
Liabilities			
Non-current liabilities			
Long term Lease Liabilities	16	111,766	126,043
Current Liabilities			
Borrowings	11	2,563,629	2,563,629
Payables	12	10,472	1,377
Current liabilities		<u>2,574,101</u>	<u>2,565,006</u>
Total liabilities		<u><u>2,574,101</u></u>	<u><u>2,565,006</u></u>
Total shareholders' equity and liabilities		<u><u>1,401,879</u></u>	<u><u>1,305,121</u></u>

These financial statements were approved and authorised for issue on July 04, 2021 and were signed by:

for and on behalf of the Board (Company)

Place: Sharjah



Atul Kumar Agarwal
(Director & Manager)



The accounting policies on pages 6 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Income Statement

	Notes	At 31 March 2021 Euro	At 31 March 2020 Euro
Other income	13	146,437	137,535
Operating Profit		<u>146,437</u>	<u>137,535</u>
Expenses			
General and administration	15	19,778	29,366
Profit/ (Loss) from operations		<u>126,659</u>	<u>108,169</u>
Finance costs	14	13,683	15,075
Depreciation and Amortization Expense	5	11,035	11,184
Profit/ (Loss) for the period / year		<u>101,941</u>	<u>81,910</u>

These financial statements were approved and authorised for issue on July 04, 2021 and were signed by:

For and on behalf of the Board (Company)

Place: Sharjah

Atul Kumar Agarwal
(Director & Manager)



The accounting policies on pages 6 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Statement of changes in Shareholders' Equity

	Notes	Share Capital Euro	Retained Earnings Euro	Total Euro
At March 31, 2019		32,100	(1,499,938)	(1,467,838)
Profit/ (Loss) for the period ended March 31, 2020		-	81,910	81,910
At March 31, 2020		<u>32,100</u>	<u>(1,418,028)</u>	<u>(1,385,928)</u>
At March 31, 2020		32,100	(1,418,028)	(1,385,928)
Profit/ (Loss) for the period ended March 31, 2021		-	101,941	101,941
At March 31, 2021		<u>32,100</u>	<u>(1,316,087)</u>	<u>(1,283,987)</u>



The accounting policies on pages 6 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Cash flow Statement

	Notes	31 March 2021	31 March 2020
		Euro	Euro
Operating activities			
Profit/ (Loss) for the period		101,941	81,910
Adjustments for:			
Depreciation	5	11,035	11,184
Interest expense	14	293	299
Sundry written back		-	(41,535)
Unrealised foreign exchange loss/(gain)		(2,242)	2,427
Operating cash flows before changes in working capital		111,027	54,285
Decrease / (Increase) in working capital:		-	-
Trade Receivable and prepayments		26,116	5,913
Trade and other payables		2,723	(2,043)
Net cash provided by Operating activities		139,866	58,155
Financing activities			
Interest paid		(293)	(299)
Payment of lease liabilities		(6,073)	(5,656)
Net cash provided by financing activities		(6,366)	(5,955)
Net (decrease)/increase in cash and cash equivalents		133,500	52,200
Cash and cash equivalents, as at April 1, 2020		128,230	76,030
Cash and cash equivalents, end of the year	8	261,730	128,230



The accounting policies on pages 6 to 9 and the notes on pages 10 to 13 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2021 (continued)

2.1 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The significant transactions of the Company are in Euros. Hence the Board of directors considers the Euro (“EUR”) as their functional currency. The financial statements are presented in EUR, which is the Company’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives as follows:

Building	10 years
Plant and machinery	4 -10 years
Furniture, fixtures and equipment	3 - 6 years
Motor vehicles	4 years

Repairs and renewals are charged to the income statement when the expenditure is incurred.

Assets in the course of construction are carried at cost as capital work-in-progress, and are transferred to building, property, plant and equipment completed or when commissioned as the case may be. No depreciation is charged on such assets until completed or commissioned. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.3 Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'selling and distribution costs'.



Notes to the financial statements for the year ended 31 March 2021 (continued)

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less on the date of purchase, to be cash equivalents.

2.5 Financial Assets

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 current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

2.6 Share Capital

Ordinary shares are classified as equity. Share capital is translated at the historical rate.

2.7 Trade Payables

Trade Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.9 Revenue Recognition

Rental Income (Miscellaneous Income)

Rental income arising from building given under operating leases is accounted for on a straight-line basis over the lease terms unless the receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in operating income in the statement of profit and loss.

3. Financial Risk Management

3.1 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; market risk (including currency risk and price risk), and credit risk. The Company's overall risk management program focuses on



Notes to the financial statements for the year ended 31 March 2021 (continued)

unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company.

Risk management is carried out by Central treasury department under policies approved by the Board of directors. The company operates internationally and is exposed to foreign exchange risk primarily with respect to Euro, United State Dollar, Indian Rupee, Sterling Pound and UAE Dirham. Currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will affect the Company's translation of the results and underlying net assets of its foreign subsidiaries.

The company has loan and advances denominated in Euro and USD to which it is exposed to foreign currency exchange risk. There were no hedging transactions in place as at 31 March, 2021.

During the year, the company has not hedged the foreign currency exposure.

3.2 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any return capital to shareholders or issue new shares.



Notes to the financial statements for the year ended 31 March 2021 (continued)

4. Property, Plant and Equipment

	Building	Plant and Machinery (Electric inst.)	Furniture, Fixtures and equipment	Vehicles	Total
	Euro	Euro	Euro	Euro	Euro
At March 31, 2020					
Cost	3,515,825	990,525	-	-	4,506,350
Accumulated depreciation / Impairment	(3,515,825)	(990,525)	-	-	(4,506,350)
	-	-	-	-	-
At March 31, 2021					
Cost	3,515,825	990,525	-	-	4,506,350
Accumulated depreciation / Impairment	(3,515,825)	(990,525)	-	-	(4,506,350)
Net book amount	-	-	-	-	-

5. Right-to-use Assets (IFRS 16)

	Building	Plant and Machinery	Furniture, Fixtures and equipment	Vehicles	Total
	Euro	Euro	Euro	Euro	Euro
Year ended March 31, 2020					
Opening net book amount	-	-	-	-	-
Additions	135,695	-	-	-	135,695
Depreciation charge	(11,184)	-	-	-	(11,184)
Closing net book amount	124,511	-	-	-	124,511
Year ended March 31, 2021					
Opening net book amount	124,511	-	-	-	124,511
Additions	-	-	-	-	-
Depreciation charge	(11,035)	-	-	-	(11,035)
Closing net book amount	113,476	-	-	-	113,476



Notes to the financial statements for the year ended 31 March 2021 (continued)

6. Capital Commitment

There is no Capital Commitment outstanding at the year end (Previous Year Euro Nil).

7. Receivables and Prepayments

	As at March 31 2021 Euro	As at March 31 2020 Euro
Trade Receivable – Related Parties	-	24,000
Receivables - Parent Company	1,017,243	1,021,616
Other Receivables	9,430	6,764
	1,026,673	1,052,380

8. Cash and Cash equivalents

	As at March 31 2021 Euro	As at March 31 2020 Euro
Cash at bank	2,61,730	1,28,230
	2,61,730	1,28,230

9. Related party transactions and balances

Related parties comprise the shareholders and their subsidiaries and associates. During the period, the company entered into the following significant transactions with related parties at agreed rates:

	31 March 2021 Euro	31 March 2020 Euro
<u>Loan outstanding</u>		
- Parent Company – MSSL Mideast FZE	2,563,629	2,563,629
<u>Trade Receivable</u>		
Parent Company – MSSL Mideast FZE	1,017,243	1,021,616
-Other Related Party (MSSL Tooling FZE)	-	24,000



Notes to the financial statements for the year ended 31 March 2021 (continued)

10. Share Capital

The company has been registered on 15 July 2006. The current shareholders of the Company is MSSL Mideast (FZE). Share capital comprises 1 Share of AED 150,000 (Equivalent to Euro 32,100). All shares are fully paid up.

11. Borrowings

	As at March 31, 2021 Euro	As at March 31, 2020 Euro
Loan from Parent Company- MSSL Mideast (FZE)	2,563,629	2,563,629
	<u>2,563,629</u>	<u>2,563,629</u>

12. Payables

	As at March 31, 2021 Euro	As at March 31, 2020 Euro
Trade payables	3,708	985
Accrued Expenses	-	-
'Finance Lease Liabilities recognised under Ind AS 116 / IFRS 16 (Curr. Mat)	6,764	392
	<u>10,472</u>	<u>1,377</u>

13. Operating Income

	For the period 31 March 2021 Euro	For the period 31 March 2020 Euro
Miscellaneous Income	144,000	96,000
Sundry Balance Written Back	-	41,535
Exchange fluctuation	2,437	-
	<u>146,437</u>	<u>137,535</u>

14. Finance Cost

	For the period 31 March 2021 Euro	For the period 31 March 2020 Euro
Bank Charges	293	299
Finance cost on Finance lease (IFRS 16)	13,390	14,776
	<u>13,683</u>	<u>15,075</u>



Notes to the financial statements for the year ended 31 March 2021 (continued)

15. General and Administration	For the period 31 March 2021 Euro	For the period 31 March 2020 Euro
Rent	4,028	4,812
Insurance	5,461	4,584
Other expenses	10,289	19,970
	<u>19,778</u>	<u>29,366</u>

16. Long Term Lease Liability

	For the period 31 March 2021 Euro	For the period 31 March 2020 Euro
Finance lease liabilities –Non Current (Recognised under IFRS 16)	111,766	126,043
	<u>111,766</u>	<u>126,043</u>

17. Going Concern

Due to change economic scenario and customer shifting its business base back to Europe, it has been decided to discontinue the business of supplying wiring harness to SWS / SEWS Hungary. The facilities of MSWS are henceforth utilized for making wiring harness for the mirror business of the Group.

On discontinuation of business, MSWS has received Euro 4,740,000 from SWS / SEWS towards past losses and the same has been included under "Other Operative Income" for the year ended March 31, 2012.

18. Fair Value

The fair value of the company's financial assets and liabilities at 31 March 2021 approximated their net book amounts as reflected in these financial statements.

19. Adoption of Accounts

These accounts were adopted by the Board of Directors in the meeting held on **July 04, 2021**.

