

Motherson Air Travel PVT. Limited

Annual Report for the 12 month period ended 31 March
2021

ANNUAL REPORT
for the period ended 31 March 2021

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PROFIT AND LOSS ACCOUNT
for the financial period ended 31 March 2021

| | | For 12 month period ended 31 March 2021 € | For 15 month period ended 31 March 2020* € |
|---|------|--|---|
| | Note | | |
| Turnover | 5 | 748,391 | 585,018 |
| Cost of sales | | (2,558,730) | (2,330,728) |
| Gross profit | | <u>(1,810,339)</u> | <u>(1,745,710)</u> |
| Administrative expenses | | (671,673) | (1,043,467) |
| Operating loss | 6 | <u>(2,482,012)</u> | <u>(2,789,177)</u> |
| Interest payable and similar charges | 8 | (321,373) | (414,540) |
| Loss on ordinary activities before taxation | | <u>(2,803,385)</u> | <u>(3,203,717)</u> |
| Tax on loss on ordinary activities | 9 | - | - |
| Loss for the financial period | | <u>(2,803,385)</u> | <u>(3,203,717)</u> |

* The Company has changed its financial year end from 31. December to 31. March in January 2020.

Operating losses arose solely from continuing operations. There were no items of other comprehensive income or expense other than those dealt with in the profit and loss account that would be required to be included in a statement of comprehensive income.

BALANCE SHEET
as at 31 March 2021

| | | 2021 € | 2020 € |
|---|------|--------------------|--------------------|
| | Note | | |
| FIXED ASSETS | | | |
| Tangible fixed assets | 10 | 12,354,198 | 13,986,537 |
| CURRENT ASSETS | | | |
| DEBTORS (amounts falling due within one year) | 11 | 2,303,351 | 3,512,314 |
| CASH at bank and in hand | | 121,482 | 405,190 |
| CREDITORS (amounts falling due within one year) | 12 | (4,067,877) | (6,407,503) |
| NET CURRENT LIABILITIES | | (1,643,045) | (2,489,999) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 10,711,154 | 11,496,538 |
| CREDITORS (amounts falling due after one year) | 13 | (17,102,634) | (15,084,633) |
| NET LIABILITIES | | (6,391,480) | (3,588,095) |
| CAPITAL AND RESERVES | 15 | | |
| Called up share capital presented as equity | | 1 | 1 |
| Accumulated loss account | | (6,391,481) | (3,588,096) |
| EQUITY - deficit | | (6,391,480) | (3,588,095) |

20.08.2021

Andreas Heuser
Director

STATEMENT OF CHANGES IN EQUITY
for the financial period ended 31 March 2021

| | Called up Share capital presented as equity € | Profit and loss account € | Total € |
|-------------------------------|---|------------------------------------|--------------------|
| Balance at 01 January 2019 | 1 | (384,379) | (384,378) |
| Loss for the financial period | | (3,203,717) | (3,203,717) |
| Balance at 31 March 2020 | <u>1</u> | <u>(3,588,096)</u> | <u>(3,588,095)</u> |
| Balance at 01 April 2020 | 1 | (3,588,096) | (3,588,095) |
| Loss for the financial period | | (2,803,385) | (2,803,385) |
| Balance at 31 March 2021 | <u>1</u> | <u>(6,391,481)</u> | <u>(6,391,480)</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021

1 GENERAL INFORMATION

Motherston Air Travel PVT. Limited is involved in maintaining, operating and leasing out an aircraft, mainly for use of the MSSL Group's management personnel. The Group has an extensive business operation in Europe and the company's aircraft will primarily be used by the Group for shuttling within various locations in Europe.

The Company was incorporated in 13th September 2017.

MSSL Mideast FZE, a company incorporated in India owns 100% of the equity share capital of Motherston Air Travel PVT. Limited.

Motherston Air Travel PVT. Limited's ultimate parent and ultimate controlling party is Motherston Sumi Systems Limited. Motherston Sumi Systems Limited prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which Motherston Air Travel PVT. Limited is a member. Copies of the Motherston Sumi Systems Limited group financial statements are available from the Company Secretary at 3rd Floor, 43, Community Centre, Bhagena House, New Friends Colony, New Delhi-110065.

2 STATEMENT OF COMPLIANCE

The financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The financial statements comply with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2014.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the presentation of the financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed in note 4.

The financial statements have been prepared on the going concern basis as the directors believe that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Disclosure exemptions for qualifying entities under FRS 102

The company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to:

- Exemption from FRS 102 3.17(d) of Section 7 from disclosure to prepare a Statement of Cash Flows
- The company has taken advantage of the exemption under FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

(c) Foreign currencies

(i) Functional and presenting currency

The company's functional and presentation currency is the Euro denominated by the symbol "€".

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial period foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Turnover

Turnover represents the value of services performed in Ireland during the financial period at invoiced value, exclusive of value added tax and trade discounts. Where services are performed over time, turnover is recognised as the service is carried out to reflect the company's partial performance of its contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Income tax*

Income tax expense for the financial period comprises current and deferred tax recognised in the financial period. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred taxation assets and liabilities are not discounted.

(i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the financial period or past financial periods. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial period.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and is measured on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial period with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial period end and that are expected to apply to the reversal of the timing difference.

(f) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost. Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) *Financial Instruments*

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and cash and cash equivalents, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors and cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

At the end of each financial period financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised costs is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial assets carrying amount and the present value of the financial assets estimated cash flows discounted at the asset's original effective interest rate.

If, in a subsequent financial period, the amount of an impairment loss decreased and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest.

Trade and other creditors and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one period if payment is due within one period or less. If not, they are presented as falling due after more than one period. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(h) Share capital presented as equity

Equity shares issued are recognised at the proceeds received. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation. Depreciation is provided on all other property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset on a systematic basis over its expected useful economic lives as follows:

| | Estimated useful life (in periods) |
|-----------------------------|------------------------------------|
| <i>Aircraft components:</i> | |
| Engine | 21 |
| Auxiliary power unit | 15 |
| Interior | 15 |
| Airframe | 21 |

The useful lives and methods of depreciation of tangible fixed assets are reviewed at each financial period end and adjust prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

4 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATION UNCERTAINTY

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The useful economic life of the aircraft component represents a critical accounting estimate that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 TURNOVER

Turnover represents the value of services performed outside the Republic of Ireland during the financial period.

| | | | |
|---|--|-------------------|-------------------|
| 6 | OPERATING LOSS | 2020/21 | 2019/20 |
| | | € | € |
| | Operating loss is stated after charging: | | |
| | Depreciation expenses | 1,632,339 | 978,011 |
| | Auditor's remuneration – audit of accounts | 16,950 | 18,000 |
| | | <u> </u> | <u> </u> |

7 EMPLOYEES AND DIRECTORS

(i) *Employees*

The company has no regular employees as at 31 March 2021. Aircraft operations were being handled by a third party aircraft management company. Administrative functions are being handled by employees of another group company.

(ii) *Directors*

Directors' remuneration is borne by another group company.

| | | | |
|---|--------------------------------------|-------------------|-------------------|
| 8 | INTEREST PAYABLE AND SIMILAR CHARGES | 2020/21 | 2019/20 |
| | | € | € |
| | Interest and charges | 321,373 | 414,540 |
| | | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

| 9 | INCOME TAX | 2020/21 € | 2019/20 € |
|-----|---|--------------|--------------|
| (a) | Tax expense included in profit or loss | | |
| | Current tax: | | |
| | German corporation tax on profit for the financial period | - | - |
| | Current tax charge for the financial period | - | - |

(b) *Reconciliation of tax expense*

Tax assessed for the financial period is different than the standard rate of corporation tax in Germany for the financial period ended 31 March 2021 of 15%. The differences are explained below:

| | 2020/21 € | 2019/20 € |
|---|--------------|--------------|
| Loss on ordinary activities before tax | (2,803,385) | (3,203,717) |
| Profit multiplied by the standard rate of tax In Germany for the financial period ended 31. March 2021 of 15% | (420,508) | (480,557) |
| Effects of: | | |
| Depreciation in excess of tax depreciation: | 131,441 | 4,939 |
| Tax loss carry-forward | 289,067 | 475,618 |
| Tax on loss on ordinary activities | - | - |

Deferred tax asset amounted to €289,067 has not been recognised for the period. This asset arises mainly from the losses carry forward amounted to €1,927,111. The deferred tax asset has not been recognised due to uncertainty over the timing of future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

10 TANGIBLE FIXED ASSETS

The Company's tangible fixed assets pertains to a Bombardier Challenger Aircraft 350 which has the following components:

| | Engine | Auxiliary power unit | Interior | Airframe | Total |
|--|------------------|-------------------------|----------------|------------------|-------------------|
| | € | € | € | € | € |
| Cost: | | | | | |
| Additions and ending balance | 6,903,201 | 690,320 | 690,320 | 7,593,521 | 15,877,362 |
| <i>Accumulated depreciation:</i> | | | | | |
| Depreciation expense and ending balance | 1,123,109 | 157,317 | 157,317 | 1,235,421 | 2,673,164 |
| Extraordinary Depreciation expense | 369,565 | 36,957 | 36,957 | 406,521 | 850,000 |
| <i>Net book value:</i> at 31 March 2021 | <u>5,410,527</u> | <u>496,046</u> | <u>496,046</u> | <u>5,951,579</u> | <u>12,354,198</u> |

The Company has written down the Aircraft to its current market value of 12.4 Mio. EUR.

| 11 | DEBTORS (amount falling due within one year) | 2020/21 | 2019/20 |
|----|--|------------------|------------------|
| | | € | € |
| | Amounts due from group companies | 1,945,088 | 2,565,972 |
| | Prepayments | 11,091 | 11,091 |
| | VAT | 107,172 | 695,251 |
| | Deposit | 240,000 | 240,000 |
| | | <u>2,303,351</u> | <u>3,512,314</u> |

Deposit pertains to operating expenses security fund paid to the third party aircraft management company. Amounts due from group companies are unsecured, interest free and have no fixed date of repayment and are therefore treated as payable on demand.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2021 (Continued)

| | | | |
|----|--|------------------|------------------|
| 12 | CREDITORS (amount falling due within one year) | 2020/21 | 2019/20 |
| | | € | € |
| | Amounts due to group companies: | | |
| | Loans payable | | 1,704,597 |
| | Interest and other charges | 3,919,333 | 4,477,335 |
| | Accruals | 148,544 | 225,571 |
| | | <u>4,067,877</u> | <u>6,407,503</u> |

Included under interest and other charges were the administrative and other day-to-day expenses shouldered by MSSL GmbH and charged back to the company. These are payable on demand.

| | | | |
|----|---|-------------------|-------------------|
| 13 | CREDITORS (amount falling due after one year) | 2020/21 | 2019/20 |
| | | € | € |
| | Amounts due to group companies: | <u>17,102,634</u> | <u>15,084,633</u> |

In 2017, the company entered into an interest bearing loan agreement with its parent company, MSSL Mideast FZE for a principal amount of €14.2 million with interest rate of 1.5% plus EURIBOR. In addition to that, the company entered into a further interest bearing loan agreement with its parent company, MSSL Mideast FZE for a principal amount of €2.5 million with interest rate of 1.5% plus EURIBOR. The company has drawn on an amount of €1.3 million from this loan as on 31. March 2021. Maturity date of both of the loans is on 31 December 2025.

Total interest expense on the loans amounted to €770,055 for the period ended 31 March 2021.

In 2017, the company entered into an interest bearing loan agreement with another group company, MSSL GmbH for a principal amount of \$1.88 million with interest rate of 1.75% plus LIBOR. Maturity date of the loan is on 31 December 2025.

Total interest expense on the loan amounted to €206,996 for the period ended 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

| | | | |
|----|-----------------------|--------------|--------------|
| 14 | FINANCIAL INSTRUMENTS | 2020/21 € | 2019/20 € |
|----|-----------------------|--------------|--------------|

The company has the following financial instruments:

*Financial assets that are debt instruments
measured at amortised cost:*

| | | |
|--|-----------|-----------|
| Amounts due from group companies (Note 11) | 1,945,088 | 2,565,972 |
|--|-----------|-----------|

Financial liabilities measured at amortised cost:

| | | |
|--|------------|------------|
| Accruals (Note 12) | 148,544 | 225,571 |
| Amounts due to group companies (Note 12 and 13): | 21,170,511 | 21,266,565 |

15 SHARE CAPITAL AND RESERVES

The Company has a total of one (1) issued share with total value of 1 Euro. The nominal value per share is €1.

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial period.

16 CAPITAL AND OTHER COMMITMENTS

- (a) The company will follow an optional service bulletin of Honeywell in respect to the installation of improved Compressor Stator Vanes in the amount of €600,000 - €700,000.
- (b) The company has no non-cancellable operating leases at the end of the financial period.
- (c) The company had no other off-balance sheet arrangements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2021 (Continued)

17 RELATED PARTY TRANSACTIONS

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Motherson Sumi Systems Limited group.