

**MSSL Mideast (FZE)**

**Financial statements  
For the Year Ended 31 March 2018**

**MSSL Mideast (FZE)**

**Financial statements**

**For the year ended 31 March 2018**

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# مؤسسة النداء لتدقيق الحسابات AL NEEDAA AUDITING ACCOUNTANTS محاسبون قانونيون ومدققو حسابات

**Independent auditors' report**  
**To the shareholders of MSSL Mideast (FZE)**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of MSSL Mideast (FZE) ("the Company") which comprise the balance sheet as of 31 March 2018 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. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Samir Zaki Amin Ahmed Zaki Amin



Registration No: 440  
Place: Sharjah  
Date: 23rd June, 2018



**MSSL Mideast (FZE)**  
**Balance sheet at 31 March 2018**

	Notes	2018 Euros	2017 Euros
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,018,293	665,041
Investments	5	57,163,526	57,163,526
		<u>58,181,819</u>	<u>57,828,567</u>
<b>Current assets</b>			
Inventories	6	13,568,353	10,517,074
Trade & Other Receivables	7	248,004,643	232,619,302
Cash and cash equivalents	8	1,374,140	12,083,135
		<u>262,947,136</u>	<u>255,219,511</u>
<b>Total assets</b>		<u><b>321,128,955</b></u>	<u><b>313,048,078</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	94,216,875	94,216,875
General reserve	11	909,913	909,913
Other Reserves & Surplus		217,256,063	210,726,396
		<u>312,382,851</u>	<u>305,853,184</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	12	247,010	248,027
		<u>247,010</u>	<u>248,027</u>
<b>Current liabilities</b>			
Borrowings	13	1,300,000	-
Trade and other payables	14	7,199,094	6,946,867
		<u>8,499,094</u>	<u>6,946,867</u>
<b>Total equity and liabilities</b>		<u><b>321,128,955</b></u>	<u><b>313,048,078</b></u>

These financial statements were approved on June 23, 2018 and were signed by:

For and on behalf of the Board

Place: Sharjah

*Pankaj*  
Pankaj Mital  
(Director)

Notes on pages 7 to 22 are an integral part of these financial statements

For and on behalf of the Company

*Jatinder Singh Bindra*  
Jatinder Singh Bindra  
(Manager)



**MSSL Mideast (FZE)**  
**Statement of income for the Year ended 31 March 2018**

	Notes	Year ended March 31, 2018 Euros	Year ended March 31, 2017 Euros
<b>Continuing Operations</b>			
<b>Sales</b>			
		44,288,736	45,777,276
Cost of Sales	15	(33,909,889)	(33,303,122)
<b>Gross profit</b>		<b>10,378,847</b>	<b>12,474,154</b>
Selling and distribution costs	16	(3,885,050)	(3,585,184)
General and administration expenses	17	(2,376,015)	(211,287)
Other income	18	138,551	513,380
<b>Operating profit</b>		<b>4,256,333</b>	<b>9,191,063</b>
Finance Costs	20	(42,406)	(30,740)
Finance Income	20	2,315,739	829,219
Finance Costs- (Net)		2,273,333	798,479
<b>Profit for the year</b>		<b>6,529,666</b>	<b>9,989,542</b>

These financial statements were approved on June 23, 2018 and were signed by:


For and on behalf of the Board

  
Pankaj Mital  
(Director)

Place: Sharjah

Notes on pages 7 to 22 are an integral part of these financial statements

For and on behalf of the Company

  
Jatinder Singh Bindra  
(Manager)



## MSSL Mideast (FZE)

### Statement of changes in equity for the year ended 31 March 2018

	Share Capital Euros	General Reserve Euros	Security Premium Euro	Retained Earnings Euros	Total Euros
At 1 April 2016	44,216,875	909,913	-	70,736,854	115,863,642
Profit from continued operations			-	9,989,542	9,989,542
Amount transferred to General Reserves		-	-	-	-
Issue of Ordinary Shares Share Application Money received during the year	50,000,000	-	130,000,000	-	180,000,000
<b>At 31 March 2017</b>	<b>94,216,875</b>	<b>909,913</b>	<b>130,000,000</b>	<b>80,726,396</b>	<b>305,853,184</b>
At 1 April 2017	94,216,875	909,913	130,000,000	80,726,396	305,853,184
Profit from continued operations			-	6,529,666	6,529,666
Amount transferred to General Reserves		-		-	-
Share Application Money received during the year	-	-	-	-	-
<b>At 31 March 2018</b>	<b>94,216,875</b>	<b>909,913</b>	<b>130,000,000</b>	<b>87,256,062</b>	<b>312,382,850.00</b>

Notes on pages 7 to 22 are an integral part of these financial statements

**MSSL Mideast (FZE)****Statement of cash flows for the year ended 31 March 2018**

	Notes	Year ended March 31, 2018 Euros	Year ended March 31, 2017 Euros
<b><u>Operating activities</u></b>			
Profit for the year		6,529,666	9,989,542
Adjustments for:			
Depreciation		307,910	290,371
Provision for employees' end of service Benefits		95,480	141,569
Dividend Income		-	(299,775)
Interest expense	20	42,406	30,740
Interest Income	20	(2,315,739)	(829,219)
Profit on sale of Assets		(8,649)	(5,496)
Provision no longer required written back		(129,902)	(208,109)
Unrealised Foreign exchange Loss		664,363	104,055
Operating cash flows before changes in working capital and payment of employees' end of service benefits		<b>5,185,535</b>	<b>9,213,678</b>
Payment of employees' end of service Benefits	12	(96,495)	(95,394)
Changes in working capital:			
Inventories		(3,051,279)	2,906,102
Trade Receivable		(531,553)	(49,279)
Other receivables and prepayments		594,141	98,858
Due from related parties and parent		855,554	(789,970)
Trade and other payables		216,808	(2,919,762)
Due to related parties and parent		35,318	126,163
Net cash provided by operating activities		<b>3,208,029</b>	<b>8,490,396</b>
<b><u>Investing activities</u></b>			
Purchase of property, plant and equipment		(661,162)	(80,484)
Proceeds from Sale of property, plant and equipment		8,649	5,496
Investment in Subsidiary /Related Parties		-	(3,000,000)
Proceeds from Sale of Investment		-	-
Loan to Subsidiary/Other Related Parties		(38,888,505)	(200,974,230)
Dividend Income		-	299,775
Repayment of Loan to Subsidiary/Other Related Parties		21,755,578	7,772,810
Interest Received		2,610,822	358,311
Net cash (used in) by Investing Activities		<b>(15,174,618)</b>	<b>(195,618,322)</b>

Notes on pages 7 to 22 are an integral part of these financial statements

**MSSL Mideast (FZE)****Statement of Cash flows for the year ended 31 March 2018 (continued)**

	Notes	Year ended March 31, 2018 Euros	Year ended March 31, 2017 Euros
<b><u>Financing activities</u></b>			
Proceeds from advance against share capital/Issue of ordinary share including Premium		-	180,000,000
Interest Paid		(42,406)	(30,740)
Proceeds/(Repayment) from Short terms borrowings		1,300,000	-
Repayment of long term borrowings		-	-
		<u>1,257,594</u>	<u>179,969,260</u>
Net cash provided by financing Activities		1,257,594	179,969,260
Net increase in cash and cash Equivalents		(10,708,995)	(7,158,666)
Cash and cash equivalents, beginning of the Year		12,083,135	19,241,801
Cash and cash equivalents, end of the year	8	1,374,140	(12,083,135)
Cash at bank and Cash in hand		<u>1,374,140</u>	<u>12,083,135</u>
		<u>1,374,140</u>	<u>12,083,135</u>

Notes on pages 7 to 22 are an integral part of these financial statements



## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2018**

#### **1. General Information**

MSSL Mideast FZE ("the Company") was registered as a Free Zone Establishment (FZE) with limited liability in the Sharjah Airport International Free Zone (SAIF Zone) on 27 March 2002. The registered address of the company is P O Box 8510, Sharjah, UAE. Trade License No. is 01262.

The Company is engaged in the manufacture, processing assembly, trade and sale of wiring harness, components and tools. The Company is a wholly owned subsidiary of Motherson Sumi Systems Limited ("the Holding Company"), which is incorporated in India.

The Company owns share capital of below companies:-

a) MSSL GmbH (100% share capital owned by MSSL Mideast FZE), a company incorporated in Germany with Limited Liability & MSSL GmbH has following subsidiaries:-

- 1) MSSL Polymers GmbH: MSSL GmbH holds 100% shareholding
- 2) MSSL Advanced Polymers S.R.O: MSSL GmbH holds 100% shareholding
- 3) Samvardhana Motherson Invest Deutschland GmbH, MSSL GmbH holds 100% shareholding
- 4) Motherson Orca Precision Technology GmbH: MSSL GmbH holds 51% shareholding
- 5) MSSL s.r.l.Unipersonale: MSSL GmbH holds 100% shareholding
- 6) MTP MEX: MSSL GmbH holds 100% shareholding

b) MSSL GB Limited (11.29% share capital owned by MSSL Mideast FZE), a company incorporated in U.K. as a private limited company

MSSL GB has following subsidiaries:-

- 1) MSSL Consolidated Inc (USA) MSSL GB holds 100% shareholding
  - 2) MSSL Overseas Wiring System Ltd. (UK) MSSL GB holds 100% shareholding
  - 3) MSSL Wiring System Inc.(USA) MSSL GB holds 100% shareholding
  - 4) MSSL Wirings Juarez, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 5) Alphabet de Mexico, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 6) Alphabet de Mexico de Monclova, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 7) Alphabet de Saltillo, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 8) MSSL Ireland Pvt. Ltd (Ireland) MSSL GB holds 100% shareholding
  - 9) MSSL s.r.l Unipersonale (Italy) MSSL GB holds 100% shareholding
  - 10) MSSL Estonia WH OÜ (Estonia) MSSL GB holds 100% shareholding
- MSSL Estonia WH OÜ (Estonia) holds 100% shareholding of PKC Group Plc.

c) MSSL Tooling (FZE) (100% share capital owned by MSSL Mideast FZE), a company incorporated in UAE as a Free Zone Establishment.

d) Motherson Wiring System (FZE) (100% share capital owned by MSSL Mideast FZE)

## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2018(Continued)**

#### **Accounting policies (continued)**

## **2. Accounting policies**

These financial statements are the separate financial statements of MSSL Mideast (FZE) and have been prepared for filing with the regulatory authority by the parent company. The significant accounting policies adopted by the company in the preparation of these financial statements are as follows:

### **2.1 Basis of preparation**

The financial statements of MSSL MIDEAST (FZE) have been prepared in accordance with and comply with International Financial Reporting Standards ('IFRS') and IFRIC interpretations. The financial statements have been prepared under the historical cost convention. The accompanying financial statements have been presented on the basis that the Company will continue as a going concern.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires the management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under the relevant accounting policies.

### **2.1 Investment in Subsidiaries**

Subsidiaries are those entities in which the entity has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries in these separate financial statements are initially recognised at cost (which includes transaction costs).

Where an indication of impairments exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the income

Details of the Company's subsidiaries are given in Note 5

### **2.2 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.

## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2018(Continued)**

#### **Accounting policies (continued)**

##### ***(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.

#### **2.3 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.

#### **2.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost of raw materials represents the landed cost including all attributable import expenses. Cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production Overheads. It excludes borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### **2.5 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'.

## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2018(Continued)**

#### **Accounting policies (continued)**

#### **2.6 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.

#### **2.7 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.

#### **2.8 Share Capital**

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

#### **2.09 Trade Payables**

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

#### **2.10 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.

#### **2.11 Provision for Staff Benefits**

A provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employees up to the balance sheet date. Provision is made for the full amount of the end of service benefits due to employees in accordance with the UAE

Labour Law for their periods of service up to the balance sheet date. The provision relating to annual leave is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

#### **2.12 Revenue Recognition**

##### **(i) Sale of Goods**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of rebate and discounts. The sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer.

## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2018(Continued)**

#### **Accounting policies (continued)**

##### **(ii) Interest Income**

Interest Income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### **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 unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by Central treasury department under policies approved by the Board of directors.

##### **Market Risk**

The Group specializes into manufacturing of wiring harness for Automotive as well as Non-Automotive business. The Company's revenues are also dependent on related parties and hence its revenue is dependent upon the growth in their businesses. The Group is part of Sumi Motherson Group which is increasing its global presence.

##### **(i) Currency Risk**

The Group operates internationally and is exposed to foreign exchange risk primarily with respect to United State Dollar, Indian Rupee, Sterling Pound, JPY and AED. 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 Group has loan and advances denominated in USD to which it is exposed to foreign currency exchange risk. There were no hedging transactions in place as at 31 March, 2018. During the year, the Group has not hedged the foreign currency exposure.

##### **(ii) Price Risk**

The Company's customers as well as the company face competition from low cost countries in view of recent trend of shifting of manufacturing base to such countries. This may also affect the logistics business of the Group. The group has manufacturing facilities in India as well as in Sharjah and hence offers good solutions to the customers.



## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2018(Continued)**

#### **Accounting policies (continued)**

##### **(iii) Concentration of Revenue and Credit Risk**

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding trade and other receivables. For banks and financial institutions, the companies in the group maintain banking relationships with only creditworthy banks which it reviews on an on-going basis. Consequently, the credit risk on the bank balances is not considered material.

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily invoiced in Euros.

The approximate fair value of fixed interest rate borrowing is in line with the borrowing rate for the group.

##### **(iv) Liquidity risk**

The Group has a positive net working capital position as on 31 March, 2018 and faces no liquidity risk.

##### **(v) Other Risk**

The Wiring harness business of the Group is highly dependent upon availability of skilled people and hence the Group has challenge to key engineering manpower. Since the Group is a subsidiary of Motherson Sumi Systems Limited, it can draw resources from the group companies for any urgent needs.

## **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.

**MSSL Mideast (FZE)**  
**Notes to the financial statements for the year ended 31 March**  
**2018(Continued)**

**4. Property, plant and equipment**

	<b>Building</b>	<b>Plant and Machinery</b>	<b>Furniture fixtures and equipment</b>	<b>Motor vehicles</b>	<b>Capital Work in Progress</b>	<b>Total</b>
	Euros	Euros	Euros	Euros	Euros	Euros
Opening Net Book Amount April 01, 2015		971,339	31,328	31,328		1,055,750
Additions		100,007	3,887			103,894
Sale/Adjustments						
Depreciation Charge		(248,919)	(17,056)	(18,744)		(284,719)
Net Book Amount March 31, 2016		822,427	18,159	34,339		874,925
Opening Net Book Amount April 01, 2016		822,427	18,159	34,339		874,925
Additions		77,111	3,376			80,487
Sale/Adjustments (Net of Acc. Dep.)						
Depreciation Charge		(275,348)	(764)	(14,259)		(290,371)
Net Book Amount March 31, 2017		624,190	20,771	20,080		665,041
Net Book Amount April 01, 2017		624,190	20,771	20,080		665,041
Additions		555,486	6,536	99,140		661,162
Depreciation Charge		(278,096)	(1,078)	(28,736)		(307,910)
Net Book Amount March 31, 2018		901,580	26,229	90,484		1,018,293

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018(Continued)

#### 5. Investments

	As at 31 March 2018 Euros	As at 31 March 2017 Euros
<b>Investment in Subsidiaries (Unquoted at cost)</b>		
a) MSSL GmbH	21,960,000	21,960,000
b) MSSL GB Ltd [(1,000 shares of 1 GBP each, Previous year 1,000 shares of 1 GBP)]	35,138,922	35,138,922
c) MSSL Tooling (FZE) [(1,500 shares of AED 100 each , Previous year 1,500 Shares of AED 100 each]	32,504	32,504
d) MSSL Tooling (FZE) Advance against Equity	-	-
e) Motherson Wiring System .(FZE) (1 shares of AED 150,000 each equivalent to Euro 32,100)	32,100	32,100
	<u>57,163,526</u>	<u>57,163,526</u>

#### 6. Inventories

	As at 31 March 2018 Euros	As at 31 March 2017 Euros
Raw materials	4,465,195	2,769,890
Work in progress	1,928,404	2,101,484
Finished goods	4,256,881	2,893,013
Goods in Transit	2,917,873	2,752,687
	<u>13,568,353</u>	<u>10,517,074</u>



## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018(Continued)

#### 7. Trade & Other Receivables

	As at 31 March 2018	As at 31 March 2017
	Euros	Euros
Trade Receivables	3,171,148	2,627,896
Prepayments	22,720	30,881
Other Receivables	1,545,158	1,772,805
Due from Related Parties		
- Subsidiaries	213,502	119,896
- Other Related Parties	4,434,956	5,377,519
Due from Parent	57,726	64,323
Loans to Subsidiaries	56,563,213	37,522,117
Loans to Other related parties	181,996,220	185,103,865
	<u>248,004,643</u>	<u>232,619,302</u>

#### 8. Cash and Cash equivalents

	As at 31 March 2018	As at 31 March 2017
	Euros	Euros
Cash in hand	24,743	9,877
Balance with Banks	1,349,397	12,073,258
	<u>1,374,140</u>	<u>12,083,135</u>

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018 (Continued)

#### 9. Related party transactions and balances

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

	Year ended 31 March 2018 Euros	Year ended 31 March 2017 Euros
Sales		
- Parent	489,327	459,927
- Subsidiary	1,312,943	1,766,407
- Other related parties	20,248,375	23,234,723
Interest Income		
- Subsidiary	705,687	463,157
- Other related parties	1,596,471	282,893
Purchase of goods and material		
- Parent	333,449	655,541
- Subsidiary	1,166,266	1,002,133
- Other related parties	3,064,830	2,757,602
Purchase of services		
- Other related parties	499,778	425,633
Purchase of property, plant & Equipment		
- Parent	17,277	-
- Subsidiary		
Investments made		
- Subsidiary	-	3,000,000
Issue of ordinary Shares		
- Parent	-	50,000,000
Loans received back		
- Subsidiary	4,038,136	4,497,097
- Other related parties	17,717,442	3,275,713
Loans Advanced		
- Subsidiary	24,418,872	19,974,230
- Other related parties	14,469,663	181,000,000
Loans Taken		
- Subsidiary	1,300,000	-
- Other related parties	-	-

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018(Continued)

#### (I) Current

##### Due from subsidiaries :

MSSL GB Ltd.	189,926	88,575
MSSL Tooling (FZE)	23,576	31,321
Others	360,049	194,693

##### Due from Parent :

Motherhood Sumi Systems Limited	57,726	64,323
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##### Due from other related parties :

Samvardhana Motherhood Reflectec UK	3,839,223	4,350,411
amvardhana Motherhood Reflectec - USA	217,084	654,804
Samvardhana Motherhood Reflectec- MEXICO	2,586	-
Others	<u>16,014</u>	<u>177,611</u>
	<u>4,706,184</u>	<u>5,561,738</u>

#### (II) Non-Current

##### Loan Receivable from subsidiaries :

MSSL GmbH	49,499,586	28,700,345
MSSL Advance Polymer L s.r.o	4,500,000	4,500,000
Samvardhana Motherhood Invest Deutschland GmbH	-	758,144
MSSL Tooling (FZE)	-	1,000,000
Motherhood Wiring System (FZE)	2,563,629	2,563,629

##### Loans receivables from other Group companies

SMGHL-Cyprus		
MSSL Thailand	3,461,587	3,936,914
MAS Middle East Ltd. FZE	-	866,946
MSSL Estonia	300,000	300,000
MAT Ireland	164,000,000	180,000,000
	14,234,633	-
	<u>238,559,435</u>	<u>222,625,978</u>

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018(Continued) Related party transactions and balances (continued)

	As at 31 March 2018 Euros	As at 31 March 2017 Euros
<b>Due to other related parties :</b>		
Motherson Sumi Infotech & Designs Ltd.	3,403	6,351
Motherson Air Travel Agencies Limited	8,570	(18,480)
MAS ME	-	-
MSSL Ireland Private Limited	359,380	351,716
	<u>371,353</u>	<u>339,587</u>
<b>Due to Subsidiaries</b>		
MSSL GB Ltd.	79,455	61,242
MSSL Tooling (FZE)	25,071	51,501
Motherson Wiring System (FZE)	1,025,928	1,003,544
	<u>1,130,454</u>	<u>1,116,287</u>
<b>Due to Parent</b>		
<b>Current</b>		
Trade Payables	55,774	54,260
	<u>55,774</u>	<u>54,260</u>

#### 10. Share capital

Share capital comprises 1 share of AED 150,000 (equivalent to Euro 46,875) and 94,170,000 shares of Euro 1 each.

#### 11. General reserve

In accordance with the Memorandum and Articles of Association of the company, 10% of the profit for the period is to be transferred to a general reserve until such time as the balance in the reserve equals 50% of the equity share capital. As the balance in the reserve already equals 50% of equity share capital no transfers have been made in the current year.

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018(Continued)

#### 12. Retirement benefit obligations

	As at 31 March 2018 Euros	As at 31 March 2017 Euros
Provision for employees' end of service benefits		
At 1 April 2017	248,025	201,850
Charge for the year	95,480	141,569
Payments during the year	(96,495)	(95,392)
At the end of the year	<u>247,010</u>	<u>248,027</u>

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations as at 31 March 2018, in respect of employees' end of service benefits payable under the UAE Labour Law. The level of future salary increments is not expected to exceed the assumed discount rate of 6% per annum. The present value of the company's obligations as at 31 March 2018, based on these assumptions, is not materially different from the provision computed in accordance with the UAE Labour Law.

#### 13. Borrowings

	As at 31 March 2018 Euros	As at 31 March 2017 Euros
Short term borrowings-MSSL Tooling	1,300,000	-
	<u>1,300,000</u>	<u>-</u>

#### 14. Trade and Other payables

	As at 31 March 2018 Euros	As at 31 March 2017 Euros
Trade payables	3,704,600	3,314,664
Accrued Expenses	1,936,913	2,109,940
Due to subsidiaries (Refer Note 9)	1,130,454	1,116,287
Due to Related Parties (Refer Note 9)	371,353	351,716
Due to Parent (Refer Note 9)	55,774	54,260
	<u>7,199,094</u>	<u>6,946,867</u>

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018

(Continued)

#### 15. Cost of Sales

	For the year ended 31 March 2018	For the year ended 31 March 2017
	Euros	Euros
Raw materials consumed	26,754,586	25,904,308
Changes in work-in-progress and finished goods	(1,077,969)	459,047
Employee Benefit Expense (Refer Note 19)	5,690,793	4,353,808
Depreciation	294,704	277,464
Electricity and water	290,318	294,334
Rent	746,586	747,585
Tools and stores consumed	137,073	128,643
Legal and Professional cost	13,727	31,157
Repair and Maintenance	236,845	254,973
Travelling	271,288	239,193
Insurance	59,578	87,811
Other direct costs and overheads	492,360	524,799
	<u>33,909,889</u>	<u>33,303,122</u>

#### 16. Selling and distribution costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
	Euros	Euros
Employee Benefit Expense (Refer Note 19)	198,013	236,192
Freight and transportation	3,443,524	3,136,343
Professional services	164,542	147,748
Travelling	41,474	25,326
Others	37,497	39,575
	<u>3,885,050</u>	<u>3,585,184</u>

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018

(Continued)

#### 17. General and administration expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
	Euros	Euros
Employee Benefit Expense (Refer Note 19)	8,438	134,131
Depreciation	13,206	12,907
Electricity & water	51,233	51,941
Repairs and maintenance	53,433	56,470
Insurance	10,514	15,496
Travelling & Conveyance	27,649	16,884
Legal & Professional expenses	650,027	581,101
Net foreign exchange transaction		
Loss/(Gain)	1,540,101	(678,369)
Other expenses	21,415	20,726
	<u>2,376,015</u>	<u>211,287</u>

#### 18. Other Income

	For the year ended 31 March 2018	For the year ended 31 March 2017
	Euros	Euros
Miscellaneous Income (Dividend)	-	299,775
Profit on sale of Assets	8,649	5,496
Net foreign exchange transaction gains	-	-
Provisions no longer required written back	129,902	208,109
	<u>138,551</u>	<u>513,380</u>

## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2018

(Continued)

#### 19. Employee Benefit Expense

	For the year ended 31 March 2018 Euros	For the year ended 31 March 2017 Euros
Salaries and wages	4,114,984	2,993,565
Retirement benefit obligations (Refer Note 12)	95,481	141,570
Other staff benefits	167,476	202,801
Staff Welfare	1,519,303	1,386,195
	<u>5,897,244</u>	<u>4,724,131</u>
Number of employees at 31 March for the Company	844	801

#### 20. Finance Costs

	For the year ended 31 March 2018 Euros	For the year ended 31 March 2017 Euros
Borrowing Costs	163	-
Bank Charges	42,243	30,740
<b>Total Finance Costs</b>	<u><b>42,406</b></u>	<u><b>30,740</b></u>
Less : Finance Income		
Interest income on loan to related parties	(2,315,739)	(829,219)
<b>Total Finance Income</b>	<u><b>(2,315,739)</b></u>	<u><b>(829,219)</b></u>
<b>Net Finance Costs</b>	<u><b>(2,273,333)</b></u>	<u><b>(798,479)</b></u>

#### 21. Fair value

The fair value of the company's financial assets and liabilities at 31 March 2018 approximated their net book amounts as reflected in these financial statements.

#### 22. Adoption of Accounts

The accounts were adopted by the Board of Directors in the meeting held on June 23, 2018.

