

مؤسسة النداء لتدقيق الحسابات

AL NEDAA AUDITING
ACCOUNTANTS

هاتف : ٥٦٨٧٢٧٢ - ٠٦ ، فاكس : ٥٦٨١٧١٥ - ٠٦

ص . ب : ٩٨٤ ، الشارقة - إ . ع . م .

Tel.: 06 - 5687272, Fax : 06 - 5681715

P.O. Box: 984, Sharjah - U.A.E.

هاتف : ٧٤٧٠٩٨٠ - ٠٦ ، ص.ب: ٥٦٢٨ - عجمان - إ.ع.م.

Tel.: 06 - 7470980, P.O. Box : 5628, Ajman - U.A.E.

Email: alneeda2011@hotmail.com

محاسبون قانونيون ومدققو حسابات

MSSL Mideast (FZE)

**Financial statements
For the Year Ended 31 March 2020**

MSSL Mideast (FZE)

**Financial statements
For the year ended 31 March 2020**

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مؤسسة النداء لتدقيق الحسابات AL NEDAA 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 2020 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 2020, 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: July 05, 2020



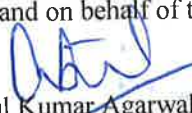
MSSL Mideast (FZE)
Balance sheet at 31 March 2020

	Notes	March 31, 2020 Euros	March 31, 2019 Euros
ASSETS			
Non-current assets			
Property, plant and equipment	4	604,753	745,154
Right-of-use Assets (Recog. under IFRS 16)	5	109,645	-
Investments	6	57,165,526	57,165,526
		<u>57,879,924</u>	<u>57,910,680</u>
Current assets			
Inventories	7	10,127,918	11,147,450
Trade & Other Receivables	8	313,856,386	274,356,728
Cash and cash equivalents	9	2,961,717	4,319,556
		<u>326,946,021</u>	<u>289,823,734</u>
Total assets		<u>384,825,945</u>	<u>347,734,414</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	94,216,875	94,216,875
General reserve	12	909,913	909,913
Other Reserves & Surplus		198,393,509	218,190,668
		<u>293,520,297</u>	<u>313,317,456</u>
Non-current liabilities			
Retirement benefit obligations	13	279,160	278,739
Lease Liabilities	15	99,889	-
		<u>379,049</u>	<u>278,739</u>
Current liabilities			
Borrowings	14	82,493,179	28,713,659
Trade and other payables	16	8,430,308	5,424,560
Lease Liabilities	15	3,112	-
		<u>90,926,599</u>	<u>34,138,219</u>
Total equity and liabilities		<u>384,825,945</u>	<u>347,734,414</u>

These financial statements were approved on July 05, 2020 and were signed by:

Place: Sharjah

For and on behalf of the Board (Company)


 Atul Kumar Agarwal
 (Director & Manager)



Notes on pages 7 to 21 are an integral part of these financial statements



MSSL Mideast (FZE)

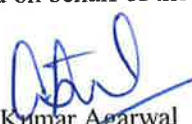
Statement of income for the Year ended 31 March 2020

	Notes	Year ended March 31, 2020 Euros	Year ended March 31, 2019 Euros
Continuing Operations			
Sales		41,741,935	46,238,764
Cost of Sales	17	(32,783,917)	(36,710,512)
Gross profit		<u>8,958,018</u>	<u>9,528,252</u>
Selling and distribution costs	18	(4,768,411)	(3,629,355)
General and administration expenses	19	(583,236)	(725,866)
Other income	20	1,296,069	1,197,974
Operating profit		<u>4,902,440</u>	<u>6,371,005</u>
Finance Costs	22	(430,294)	(129,801)
Finance Income	22	5,730,695	3,237,399
Finance Costs- (Net)		<u>5,300,401</u>	<u>3,107,598</u>
Profit for the year		<u><u>10,202,841</u></u>	<u><u>9,478,603</u></u>

These financial statements were approved on July 05, 2020 and were signed by:

For and on behalf of the Board (Company)

Place: Sharjah


Atul Kumar Agarwal
(Director & Manager)



Notes on pages 7 to 21 are an integral part of these financial statements



MSSL Mideast (FZE)

Statement of changes in equity for the year ended 31 March 2020

	Share Capital Euros	General Reserve Euros	Security Premium Euro	Retained Earnings Euros	Total Euros
At 1 April 2018	94,216,875	909,913	130,000,000	87,256,062	312,382,850
Profit from continued operations	-	-	-	9,478,603	9,478,603
Dividend	-	-	-	(8,544,000)	(8,544,000)
At 31 March 2019	94,216,875	909,913	130,000,000	88,190,668	313,317,456
At 1 April 2019	94,216,875	909,913	130,000,000	88,190,668	313,317,456
Profit from continued operations	-	-	-	10,202,841	10,202,841
Dividend	-	-	-	(30,000,000)	(30,000,000)
At 31 March 2020	94,216,875	909,913	130,000,000	68,393,509	293,520,297

Notes on pages 7 to 21 are an integral part of these financial statements



MSSL Mideast (FZE)

Statement of cash flows for the year ended 31 March 2020

	Notes	Year ended March 31, 2020 Euros	Year ended March 31, 2019 Euros
<u>Operating activities</u>			
Profit for the year		10,202,841	9,478,603
Adjustments for:			
Depreciation		292,531	291,931
Depreciation (Right-to-use assets – IFRS 16)		17,256	-
Provision for employees' end of service Benefits		155,218	151,156
Dividend Income		(240)	(813)
Interest expense	22	417,151	129,801
Interest Income	22	(5,730,695)	(3,237,399)
Profit on sale of Assets		(8,163)	(5,253)
Unrealised Foreign exchange Loss		(457,716)	(1,140,689)
Operating cash flows before changes in working capital and payment of employees' end of service benefits		4,888,183	5,667,337
Payment of employees' end of service Benefits	13	(154,797)	(119,427)
Changes in working capital:			
Inventories		1,019,532	(2,420,903)
Trade Receivable		(157,392)	583,921
Other receivables and prepayments		417,132	1,049,567
Due from related parties and parent		1,807,868	(90,922)
Trade and other payables		1,478,677	1,812,033
Due to related parties and parent		1,556,037	26,045
Net cash provided by operating activities		10,855,240	7,725,391
<u>Investing activities</u>			
Purchase of property, plant and equipment		(152,130)	(18,792)
Proceeds from Sales of property, plant and equipment		8,163	5,253
Investment in Subsidiary /Related Parties		-	(2,000)
Loan to Subsidiary/Other Related Parties		(124,040,515)	(49,150,750)
Dividend Income		240	813
Repayment of Loan to Subsidiary/Other Related Parties		85,922,675	24,826,117
Interest Received		2,698,799	819,526
Net cash (used in) by Investing Activities		(35,562,768)	(23,519,833)

Notes on pages 7 to 21 are an integral part of these financial statements.



MSSL Mideast (FZE)

Statement of Cash flows for the year ended 31 March 2020 (continued)

	Notes	Year ended March 31, 2020 Euros	Year ended March 31, 2019 Euros
<u>Financing activities</u>			
Dividend paid		(30,000,000)	(8,544,000)
Interest Paid		(417,151)	(129,801)
Proceeds/(Repayment) from Short terms borrowings – Subsidiary/related party		18,779,520	27,413,659
Proceeds/(Repayment) from Short terms borrowings – Bank		35,000,000	-
Payment of lease liabilities		(12,680)	-
		23,349,689	18,739,858
Net cash provided by financing Activities		23,349,689	18,739,858
Net increase in cash and cash Equivalents		(1,357,839)	2,945,416
Cash and cash equivalents, beginning of the Year		4,319,556	1,374,140
Cash and cash equivalents, end of the year	9	2,961,717	4,319,556
Cash at bank and Cash in hand		2,961,717	4,319,556
		2,961,717	4,319,556

Notes on pages 7 to 21 are an integral part of these financial statements



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020

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 100% of the issued share capital of:

a) MSSL GmbH, a company incorporated in Germany with Limited Liability & MSSL GmbH has following subsidiaries:-

- 1) MSSL Advanced Polymers S.R.O: MSSL GmbH holds 100% shareholding
- 2) Samvardhana Motherson Invest Deutschland GmbH, MSSL GmbH holds 100% shareholding
- 3) Motherson Techno Precision GmbH (earlier known as Motherson Orca Precision Technology GmbH): MSSL GmbH holds 100% shareholding
- 4) Motherson Techno Precision Mexico S.A. De C.V. (MTP MEX): MSSL GmbH holds 100% shareholding through Motherson Techno Precision GmbH
- 5) Samvardhana Motherson Polymers Management Germany GmbH: MSSL GmbH holds 100% shareholding (merged with MSSL GmbH on August 30, 2019)
- 6) MSSL Manufacturing Hungary Kft: 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 Wiring System Inc.(USA) MSSL GB holds 100% shareholding
- 3) MSSL Wirings Juarez, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
- 4) Alphabet de Mexico, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
- 5) Alphabet de Mexico de Monclova, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
- 6) Alphabet de Saltillo, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
- 7) MSSL Ireland Pvt. Ltd (Ireland) MSSL GB holds 100% shareholding
- 8) MSSL s.r.l Unipersonale (Italy) MSSL GB holds 100% shareholding
- 9) MSSL Estonia WH OÜ (Estonia) MSSL GB holds 100% shareholding
- 10) PKC Group Plc MSSL GB holds 100% shareholding

c) MSSL Tooling (FZE), a company incorporated in UAE as a Free Zone Establishment.

d) Motherson Wiring System (FZE)

e) Motherson Air Travel Pvt. Ltd.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(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.

The Company elected to apply IFRS 16, Leases, with effect from April 01, 2019, using the modified retrospective method with Right of use assets being recognised at an amount equal to lease liability, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) and lease liability of EUR 109,645 and EUR 103,001 respectively. Lease rent expense is lower by EUR 25,823, Depreciation is higher by EUR 17,256, Interest is higher by EUR 13,143 and Other expenses (Unrealised exchange - Gain/Loss) is lower by EUR 1,738 during the year ended March 31, 2020, due to implementation of IFRS 16.

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 6

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 2020(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 2020(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 2020(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 Company.

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

Market Risk

The Company specializes into manufacturing of wiring harness. The Company's revenues is generated through sales in Europe and hence its revenue is dependent upon the growth in their businesses. The Company is part of Motherson Group which is increasing its global presence.

(i) Currency Risk

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 loans 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, 2020.

During the year, the Company 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. The Company has manufacturing facilities in Sharjah and hence offers good solutions to the customers.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(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 Company maintains 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 Company has a positive net working capital position as on 31 March, 2020 and faces no liquidity risk.

(v) Other Risk

The wiring harness business of the Company is highly dependent upon availability of skilled people and hence the Company has challenge to key engineering manpower. Since the Company 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 2020(Continued)

4. Property, plant and equipment

	Building	Plant and Machinery	Furniture, Fixtures and equipment	Vehicles	Total
	Euro	Euro	Euro	Euro	Euro
Year ended March 31, 2019					
Opening net book amount	-	901,580	26,229	90,484	1,018,293
Additions	-	18,792	-	-	18,792
Depreciation charge	-	(271,813)	(8,872)	(11,246)	(291,931)
Closing net book amount	-	648,559	17,357	79,238	745,154
Year ended March 31, 2020					
Opening net book amount	-	648,559	17,357	79,238	745,154
Additions	-	122,879	11,996	17,255	152,130
<i>Disposals</i>	-	(557,885)	(185,159)	-	(763,044)
<i>Dep. on disposal of Asset</i>	-	557,885	185,159	-	763,044
Depreciation charge	-	(234,530)	(8,733)	(49,268)	(292,531)
Closing net book amount	-	536,908	20,620	47,225	604,753



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(Continued)

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

	Land and Building Euro	Plant and Machinery Euro	Total Euro
Additions	122,404	4,497	126,901
Depreciation charge	(14,259)	(2,997)	(17,256)
Closing net book amount as on 31 st March 2020	108,145	1500	109,645

6. Investments

	As at 31 March 2020 Euros	As at 31 March 2019 Euros
Investment in Subsidiaries (Unquoted at cost)		
a) MSSL GmbH	24,960,000	24,960,000
b) MSSL GB Ltd [(1,000 shares of 1 GBP each, Previous year 1,000 shares of 1 GBP)]	32,138,922	32,138,922
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) Motherson Wiring System (FZE) (1 shares of AED 150,000 each equivalent to Euro 32,100)	32,100	32,100
e) Motherson Air Travel Pvt. Ltd. (1 share of Euro 2000)	2,000	2,000
	<u>57,165,526</u>	<u>57,165,526</u>

7. Inventories

	As at 31 March 2020 Euros	As at 31 March 2019 Euros
Raw materials	5,076,598	4,547,556
Work in progress	1,396,376	2,136,001
Finished goods	1,337,474	2,250,228
Goods in Transit	2,317,470	2,213,665
	<u>10,127,918</u>	<u>11,147,450</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(Continued)

8. Trade & Other Receivables

	As at 31 March 2020	As at 31 March 2019
	Euros	Euros
Trade Receivables	2,767,422	2,663,270
Prepayments	23,976	27,574
Other Receivables	7,073,844	4,014,713
Due from Related Parties		
- Subsidiaries	300,520	313,982
- Other Related Parties	2,644,028	4,068,152
Due from Parent	44,690	414,972
Loans to Subsidiaries	71,341,950	77,273,486
Loans to Other related parties	229,659,956	185,610,579
	<u>313,856,386</u>	<u>274,356,728</u>

9. Cash and Cash equivalents

	As at 31 March 2020	As at 31 March 2019
	Euros	Euros
Cash in hand	190,529	40,320
Balance with Banks	2,771,188	4,279,236
	<u>2,961,717</u>	<u>4,319,556</u>

10. 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

	Year ended 31 March 2020	Year ended 31 March 2019
	Euros	Euros
Sales		
- Parent	328,715	461,495
- Subsidiary	1,963,905	1,751,403
- Other related parties	16,013,114	20,506,770



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(Continued)

	Year ended 31 March 2020 Euros	Year ended 31 March 2019 Euros
Interest Income		
- Subsidiary	1,184,883	821,388
- Other related parties	4,545,624	2,252,471
Purchase of goods and material		
- Parent	358,369	378,448
- Subsidiary	1,321,383	2,417,471
- Other related parties	3,076,325	1,148,239
Purchase of services		
- Parent	225,606	925
- Subsidiary	2,125	39,018
- Other related parties	1,254,167	476,190
Purchase of Property, Plant & Equipment		
-Parent	-	17,277
Interest Expenses		
- Subsidiary	367,312	52,294
- Other related parties	7,887	-
Investments made		
- Subsidiary	-	2,000
Loans received back		
- Subsidiary	7,640,216	89,150
-Other related parties	78,282,459	24,736,967
Loans Advanced		
- Subsidiary	1,768,415	6,180,000
- Other related parties	122,272,100	42,970,750
Loans taken		
- Subsidiary	18,779,520	28,713,659



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(Continued)

	Year ended 31 st March 2020 Euro	Year ended 31 st March 2019 Euro
Due from related parties		
(I) Current		
Due from subsidiaries	300,521	313,982
Due from Parent	44,690	414,972
Due from other related parties	2,644,027	4,068,152
	<u>2,989,238</u>	<u>4,797,106</u>
(II) Non-Current		
Loan Receivable from subsidiaries	71,341,950	77,273,486
Loan Receivable from other Related parties	229,659,956	185,610,579
	<u>301,001,906</u>	<u>262,884,065</u>
Due to related parties		
Due to subsidiaries	<u>1,109,764</u>	<u>1,072,452</u>
Due to Parent	<u>252,345</u>	<u>17,545</u>
Due to other related parties	<u>1,775,545</u>	<u>493,629</u>

11. Share capital

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

12. 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 2020(Continued)

13. Retirement benefit obligations

	As at 31 March 2020 Euros	As at 31 March 2019 Euros
Provision for employees' end of service benefits		
At 1 April 2019	278,739	247,010
Charge for the year	155,218	151,156
Payments during the year	(154,797)	(119,427)
	279,160	278,739
At the end of the year	279,160	278,739

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 2020, 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 2020, based on these assumptions, is not materially different from the provision computed in accordance with the UAE Labour Law.

14. Borrowings

	As at 31 March 2020 Euros	As at 31 March 2019 Euros
Short term borrowings- from Subsidiaries	47,493,179	28,713,659
Short term borrowings- from bank	35,000,000	-
	82,493,179	28,713,659
	82,493,179	28,713,659

15. Lease Obligation

	As at 31 March 2020 Euros	As at 31 March 2019 Euros
Finance Lease Non-Current (Recog. under IFRS 16)	99,889	-
Finance Lease - Current (Recog. under IFRS 16)	3,112	-
	103,001	-
	103,001	-



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(Continued)

16. Trade and Other payables

	As at 31 March 2020	As at 31 March 2019
	Euros	Euros
Trade payables	3,722,154	2,356,281
Accrued Expenses	1,570,500	1,484,653
Due to subsidiaries (Refer Note 10)	1,109,764	1,072,452
Due to Related Parties (Refer Note 10)	1,775,545	493,629
Due to Parent (Refer Note 10)	252,345	17,545
	<u>8,430,308</u>	<u>5,424,560</u>

17. Cost of Sales

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Euros	Euros
Raw materials consumed	22,692,366	25,359,193
Changes in work-in-progress and finished goods	1,506,403	2,115,230
Employee Benefit Expense (Refer Note 21)	6,300,014	6,809,854
Depreciation	263,484	255,894
Depreciation (Lease _IFRS 16)	17,256	-
Electricity and water	287,344	275,462
Rent	698,289	785,152
Tools and stores consumed	82,023	160,330
Legal and Professional cost	14,762	14,937
Repair and Maintenance	185,333	177,447
Travelling	257,127	200,050
Insurance	84,283	64,969
Other direct costs and overheads	395,233	491,994
	<u>32,783,917</u>	<u>36,710,512</u>

18. Selling and distribution costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Euros	Euros
Employee Benefit Expense (Refer Note 21)	361,822	313,175
Freight and transportation	3,098,549	3,030,129
Professional services	1,124,681	121,279
Bad and Doubtful Advances	36,776	-
Travelling	107,060	114,848
Others	39,523	49,924
	<u>4,768,411</u>	<u>3,629,355</u>



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Notes to the financial statements for the year ended 31 March 2020(Continued)

19. General and administration expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Euros	Euros
Employee Benefit Expense (Refer Note 21)	10,501	7,916
Depreciation	29,047	36,036
Electricity & water	50,708	48,611
Repairs and maintenance	46,102	44,464
Insurance	14,873	11,465
Travelling & Conveyance	25,297	76,565
Legal & Professional expenses	387,761	446,329
Other expenses	18,947	54,480
	<u>583,236</u>	<u>725,866</u>

20. Other Income

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Euros	Euros
Dividend Income	240	813
Profit on sale of Assets	8,163	5,253
Net foreign exchange transaction Gain	471,270	1,191,908
Miscellaneous Income	816,396	-
	<u>1,296,069</u>	<u>1,197,974</u>

21. Employee Benefit Expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Euros	Euros
Salaries and wages	4,902,328	5,344,093
Retirement benefit obligations (Refer Note 13)	155,218	151,156
Other staff benefits	209,719	203,462
Staff Welfare	1,405,072	1,432,234
	<u>6,672,337</u>	<u>7,130,945</u>

Number of employees at 31 March for the Company 842 767



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2020(Continued)

22. Finance Costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
	Euros	Euros
Borrowing Costs	376,852	92,574
Finance cost on Finance lease (IFRS 16)	13,143	-
Bank Charges	40,299	37,227
Total Finance Costs	<u>430,294</u>	<u>129,801</u>
Less : Finance Income		
Interest income on loan to related parties	(5,730,695)	(3,237,399)
Total Finance Income	<u>(5,730,695)</u>	<u>(3,237,399)</u>
Net Finance Costs	<u>(5,300,401)</u>	<u>(3,107,598)</u>

23. Fair value

The fair value of the company's financial assets and liabilities at 31 March 2020 approximated their net book amounts as reflected in these financial statements.

24. Adoption of Accounts

The accounts were adopted by the Board of Directors in the meeting held on July 05, 2020.

