

مؤسسة النداء لتدقيق الحسابات

AL NEDAA AUDITING
ACCOUNTANTS

هاتف : ٥٦٨٧٢٧٢ - ٠٦ ، فاكس : ٥٦٨١٧١٥ - ٠٦

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محاسبون قانونيون ومدققو حسابات

MSSL Mideast (FZE)

Financial statements

For the Year Ended 31 March 2023

MSSL Mideast (FZE)

Financial statements

For the year ended 31 March 2023

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AL NEDAA AUDITING ACCOUNTANTS
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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 2023 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 2023, 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 27, 2023



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MSSL Mideast (FZE)
Balance sheet at 31 March 2023

	Notes	March 31, 2023 Euros	March 31, 2022 Euros
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,238,346	825,636
Right-of-use Assets (Recognized under IFRS 16)	5	64,833	80,007
Investments	6	57,165,526	57,165,526
		<u>58,468,705</u>	<u>58,071,169</u>
Current assets			
Inventories	7	19,172,593	15,465,995
Trade & Other Receivables	8	258,210,911	275,851,644
Cash and cash equivalents	9	4,102,329	2,913,231
		<u>281,485,833</u>	<u>294,230,870</u>
Total assets		<u>339,954,538</u>	<u>352,302,039</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	94,216,875	94,216,875
General reserve	12	1,967,633	1,303,373
Other Reserves & Surplus		144,921,019	155,942,676
		<u>241,105,527</u>	<u>251,462,924</u>
Non-current liabilities			
Retirement benefit obligations	13	370,024	316,233
Lease Liabilities	15	59,372	73,542
		<u>429,396</u>	<u>389,775</u>
Current liabilities			
Borrowings	14	86,850,460	90,216,980
Trade and other payables	16	11,553,454	10,218,610
Lease Liabilities	15	15,701	13,750
		<u>98,419,615</u>	<u>100,449,340</u>
Total equity and liabilities		<u>339,954,538</u>	<u>352,302,039</u>

These financial statements were approved on July 27, 2023 and were signed by:

Place: Sharjah



For and on behalf of the Board

Atul Kumar Agarwal



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 2023

	Notes	Year ended March 31, 2023 Euros	Year ended March 31, 2022 Euros
Continuing Operations			
Sales		55,379,919	45,678,340
Cost of Sales	17	(43,409,260)	(36,491,840)
Gross profit		11,970,659	9,186,500
Selling and distribution costs	18	(6,763,892)	(5,656,018)
General and administration expenses	19	(1,100,347)	(951,650)
Other income	20	61,413	4,114
Operating profit		4,167,833	2,582,946
Finance Income	22	4,406,644	2,492,670
Finance Costs	22	(1,931,875)	(1,141,014)
Finance Costs- (Net)		2,474,769	1,351,656
Profit for the year		6,642,602	3,934,602

These financial statements were approved on July 27, 2023 and were signed by:

For and on behalf of the Board

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 2023

	Share Capital Euros	General Reserve Euros	Security Premium Euro	Retained Earnings Euros	Total Euros
At 1 April 2021	94,216,875	909,913	130,000,000	73,801,534	298,928,322
Profit/(Loss) for the period	-	-	-	3,934,602	3,934,602
Amount transferred to General Reserve	-	393,460	-	(393,460)	-
Dividend	-	-	-	(51,400,000)	(51,400,000)
At 31 March 2022	<u>94,216,875</u>	<u>1,303,373</u>	<u>130,000,000</u>	<u>25,942,676</u>	<u>251,462,924</u>
At 1 April 2022	94,216,875	1,303,373	130,000,000	25,942,676	251,462,924
Profit/(Loss) for the period	-	-	-	6,642,602	6,642,602
Amount transferred to General Reserve	-	664,260	-	(664,260)	-
Dividend	-	-	-	(17,000,000)	(17,000,000)
At 31 March 2023	<u>94,216,875</u>	<u>1,967,633</u>	<u>130,000,000</u>	<u>14,921,018</u>	<u>241,105,526</u>



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 2023

	Notes	Year ended March 31, 2023 Euros	Year ended March 31, 2022 Euros
<u>Operating activities</u>			
Profit for the year		6,642,602	3,934,602
Adjustments for:			
Depreciation		352,406	229,044
Depreciation (Right-to-use assets – IFRS 16)		15,174	14,069
Provision for employees' end of service Benefits		193,053	155,809
Dividend Income		(248)	-
Interest expense	22	1,880,409	1,082,841
Interest Income	22	(4,406,644)	(2,492,670)
Profit on sale of Assets		(61,165)	(4,036)
Unrealised Foreign exchange Loss		54,310	198,577
Operating profit before working capital changes and payment of employees' end of service benefits		<u>4,669,897</u>	<u>3,118,236</u>
Payment of employees' end of service Benefits	13	(139,262)	(146,540)
<u>Changes in working Capital:</u>			
Inventories		(3,706,598)	(5,260,073)
Trade Receivable		(437,885)	(1,752,912)
Other receivables and prepayments		(441,202)	(471,981)
Due from related parties and parent		(333,897)	(444,927)
Trade and other payables		64,546	991,219
Due to related parties and parent		1,362,827	4,627
Net cash (used in)/generated from operating activities		<u>1,038,426</u>	<u>(3,962,351)</u>
<u>Investing activities</u>			
Purchase of property, plant and equipment		(765,116)	(570,299)
Proceeds from Sales of property, plant and equipment		61,165	4,036
Loan to Subsidiary/Other Related Parties		(22,965,000)	(4,492,000)
Dividend Income		-	-
Repayment of Loan from Subsidiary/Other Related Parties		45,110,213	8,663,073
Interest Received		965,582	6,687,747
Net cash generated from Investing Activities		<u>22,406,844</u>	<u>10,292,557</u>

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 2023 (continued)**

	Notes	Year ended March 31, 2023 Euros	Year ended March 31, 2022 Euros
<u>Financing activities</u>			
Dividend paid		(17,000,000)	(51,400,000)
Dividend received		248	0
Interest Paid – Parent		-	(1,017,917)
Interest Paid – Subsidiary & related parties		(1,880,409)	(64,924)
Interest paid - Bank		-	-
Payment of lease liabilities		(9,491)	(9,908)
Proceeds/(Repayment) from short term borrowings - Related Parties		-	59,300,000
Proceeds/(Repayment) from short term borrowings - Bank		-	-
Proceeds/(Repayment) from short term borrowings - Parent		-	(35,000,000)
Proceeds/(Repayment) from short term borrowings - Subsidiary		(3,366,520)	17,716,980
Net cash provided by financing Activities		(22,256,172)	(10,475,769)
Net increase in cash and cash Equivalents		1,189,098	(4,145,563)
Cash and cash equivalents, beginning of the Year		2,913,231	7,058,794
Cash and cash equivalents, end of the year	9	4,102,329	2,913,231
Cash at bank and Cash in hand		4,102,329	2,913,231
		4,102,329	2,913,231



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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 2023

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 Samvardhana Motherson International Ltd. (formerly 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) Motherson Air Travel Agency GmbH (formerly known as Motherson Techno Precision GmbH) (held by MSSL GmbH) holds 100% shareholding
- 3) MSSL Germany Real Estate B.V. & Co. KG (jointly held by MSSL GmbH and Samvardhana Motherson Automotive Systems Group B.V.), holds 89% shareholding
- 4) SMP D Real Estates B.V. & Co. KG (Jointly held by SMP Deutschland GmbH and MSSL GmbH), holds 11% shareholding
- 5) SMP Automotive Ex Real Estate B.V. & Co. KG (Jointly held by SMP Deutschland GmbH and MSSL GmbH)), holds 11% 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 2023(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 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.

(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.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2023(Continued)

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'.

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.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2023(Continued)

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.

(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.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2023(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, 2022					
Opening net book amount	-	337,221	24,105	123,055	484,381
Additions	3,275	178,974	64,888	323,162	570,299
Disposals	-	(174,613)	(118,883)	-	-
Dep. on disposal of Asset	-	174,613	118,883	-	-
Depreciation charge	(230)	(139,907)	(21,574)	(67,333)	(229,044)
Closing net book amount	3,045	376,288	67,419	378,884	825,636
At March 31, 2022					
Cost	1,128,480	3,479,458	851,356	675,657	6,134,950
Accumulated depreciation / Impairment	(1,125,435)	(3,103,170)	(783,937)	(296,773)	(5,309,314)
Net book amount	3,045	376,288	67,419	378,884	825,636
Year ended March 31, 2023					
Opening net book amount	3,045	376,288	67,419	378,884	825,636
Additions	-	334,586	146,184	319,289	800,059
Disposals	-	-	-	-	-
Dep. on disposal of Asset	-	-	-	-	-
Sale/Adjustments (Net of Acc. Dep.)	-	(28,576)	(255)	(6,111)	(34,942)
Depreciation charge	(458)	(166,377)	(31,229)	(154,342)	(352,406)
Closing net book amount	2,587	515,921	182,119	537,720	1,238,347

	Building	Plant and Machinery	Furniture, Fixtures and equipment	Vehicles	Total
	Euro	Euro	Euro	Euro	Euro
At March 31, 2023					
Cost	1,125,205	3,291,338	541,233	952,177	6,134,950
Accumulated depreciation / Impairment	(1,122,618)	(2,775,417)	(359,114)	(414,457)	(5,309,314)
Net book amount	2,587	515,921	182,119	537,720	1,238,347



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2023(Continued)

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

	Land Euro	Plant and Machinery Euro	Total Euro
Amount as on 1 st April 2022	94,076	2,938	97,014
Additions	-	-	-
Sale/Adjustments (Net of Acc. Dep.)		(2,938)	(2,938)
Depreciation charge	(14,069)	-	(14,069)
Closing net book amount as on 31 st March 2022	80,007	-	80,007
Amount as on 1 st April 2022	80,007	-	80,007
Additions	-	-	-
Sale/Adjustments (Net of Acc. Dep.)		-	-
Depreciation charge	(15,174)	-	(15,174)
Closing net book amount as on 31 st March 2023	64,833	-	64,833

6. Investments

	As at 31 March 2023 Euros	As at 31 March 2022 Euros
Investment in Subsidiaries (Unquoted at cost)		
a) MSSL GmbH 250,000 shares of Euro 1 each (Previous year 250,000 shares of Euro 1 each), Euro 24,710,000 as Capital Reserve	24,960,000	24,960,000
b) MSSL GB Ltd 25,627,500 shares of GBP 1 each (Previous year 25,627,500 shares of GBP 1 each)	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 share of AED 150,000 each (Previous year 1 share of AED 150,000 each)	32,100	32,100
e) Motherson Air Travel Pvt. Ltd. 1 share of Euro 2,000 (Previous year 1 share of Euro 2,000)	2,000	2,000
	57,165,526	57,165,526



MSSL Mideast (FZE)**Notes to the financial statements for the year ended 31 March 2023(Continued)****7. Inventories**

	As at 31 March 2023	As at 31 March 2022
	Euros	Euros
Raw materials	11,607,906	9,180,065
Work in progress	1,508,588	1,143,629
Finished goods	1,563,992	2,472,087
Goods in Transit	4,492,107	2,670,214
	<u>19,172,593</u>	<u>15,465,995</u>

8. Trade & Other Receivables

	As at 31 March 2023	As at 31 March 2022
	Euros	Euros
Trade Receivables		
- From related parties (refer Note 10)	3,755,119	3,421,222
- Others	3,992,229	3,601,884
Loan to Related Parties (refer Note 10)	240,859,093	262,932,002
Interest Receivable -Related Parties (refer Note 10)	8,281,835	4,840,773
Prepayments	23,488	31,045
Other Receivables	1,299,147	1,024,718
	<u>258,210,911</u>	<u>275,851,644</u>

9. Cash and Cash equivalents

	As at 31 March 2023	As at 31 March 2022
	Euros	Euros
Cash in hand	26,099	38,346
Balance with Banks	4,076,230	2,874,885
	<u>4,102,329</u>	<u>2,913,231</u>



MSSL Mideast (FZE)**Notes to the financial statements for the year ended 31 March 2023(Continued)****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

(Amount in Euro)

	Parent		Subsidiary		Related Parties	
Transactions	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Sales	976,727	359,850	3,358,711	37,939	16,995,724	17,408,572
Interest Income	-	-	1,664,664	963,394	2,762,000	1,529,281
Dividend Income	-	-	-	-	248	-
Purchase of goods & Material	1,442,052	750,015	625,692	126,019	6,875,148	7,210,321
Purchase of services & others	298,994	286,646	43,624	52,372	1,767,146	1,784,424
Interest Expenses	-	1,017,917	252,172	109,151	1,628,813	(44,225)
Loans received back	-	-	24,958,284	4,543,461	20,151,929	4,119,612
Loans Advanced	-	-	22,965,000	4,492,000	-	-
Loans taken	-	-	3,500,000	17,716,980	-	72,500,000
Loans repaid	-	35,000,000	7,000,000	-	-	2,300,000



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2023(Continued)

	Parent		Subsidiary		Related Parties	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Balances						
Loan						
Receivable	-	-	66,211,022	68,132,002	174,648,071	194,800,000
Interest						
Receivable	-	-	2,477,375	1,450,243	5,804,460	3,390,531
Trade						
Receivables	461,465	129,402	713,538	87,064	2,580,115	3,204,756
Loan						
Payables	-	-	19,350,460	17,716,980	67,500,000	72,500,000
Interest						
Payables	-	-	368,781	218,151	1,521,804	(11,224)
Trade						
Payable	195,617	316,917	1,060,170	1,042,677	2,166,077	2,382,521

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.

13. Retirement benefit obligations

	As at 31 March 2023 Euros	As at 31 March 2022 Euros
Provision for employees' end of service benefits		
At 1 April 2023	316,233	306,964
Charge for the year	193,053	155,809
Payments during the year	(139,262)	(146,540)
At the end of the year	370,024	316,233



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2023(Continued)

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 2023, 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 2023, 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 2023 Euros	As at 31 March 2022 Euros
Short term borrowings- Related parties (Refer Note 10)	67,500,000	72,500,000
Short term borrowings - Subsidiaries	19,350,460	17,716,980
	<u>86,850,460</u>	<u>90,216,980</u>

15. Lease Obligation

	As at 31 March 2023 Euros	As at 31 March 2022 Euros
Finance Lease Non-Current (Recogn. under IFRS 16)	59,372	73,542
Finance Lease - Current (Recogn. under IFRS 16)	15,701	13,750
	<u>75,073</u>	<u>87,292</u>

16. Trade and Other payables

	As at 31 March 2023 Euros	As at 31 March 2022 Euros
Trade payables		
-Related parties (Refer Note 10)	3,421,864	3,742,114
- Others	2,924,874	3,179,474
Accrued Expenses	3,246,385	3,074,551
Interest Payable to Related Parties(Refer Note 10)	1,890,161	207,084
Other liability	70,170	15,387
	<u>11,553,454</u>	<u>10,218,610</u>



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Notes to the financial statements for the year ended 31 March 2023(Continued)

17. Cost of Sales

	For the year ended 31 March 2023	For the year ended 31 March 2022
	Euros	Euros
Raw materials consumed	33,501,929	28,410,635
Changes in work-in-progress and finished goods	(742,587)	(1,494,761)
Employee Benefit Expense (Refer Note 21)	7,547,042	6,966,810
Depreciation	218,839	154,205
Electricity and water	292,880	281,089
Rent	840,183	698,980
Tools and stores consumed	580,493	282,651
Legal and Professional cost	16,068	16,067
Repair and Maintenance	367,242	251,278
Travelling	295,211	424,688
Insurance	109,993	91,186
Other direct expenses	381,967	409,012
	43,409,260	36,491,840

18. Selling and distribution costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
	Euros	Euros
Employee Benefit Expense (Refer Note 21)	543,759	462,537
Freight and transportation	4,639,216	3,868,827
Professional services	1,493,951	1,167,801
Travelling	51,142	106,498
Others	35,824	50,355
	6,763,892	5,656,018



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Notes to the financial statements for the year ended 31 March 2023(Continued)

19. General and administration expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
	Euros	Euros
Employee Benefit Expense (Refer Note 21)	7,167	9,771
Depreciation	148,741	88,908
Electricity & water	51,685	49,604
Repairs and maintenance	112,799	62,955
Insurance	19,410	16,092
Travelling & Conveyance	4,034	5,769
Legal & Professional expenses	432,694	567,588
Net foreign exchange transaction losses / (gain)	213,449	86,614
Other expenses	110,368	64,349
	1,100,347	951,650

20. Other Income

	For the year ended 31 March 2023	For the year ended 31 March 2022
	Euros	Euros
Dividend Income	248	-
Profit on sale of Assets	61,165	4,036
Miscellaneous Income	-	78
	61,413	4,114

21. Employee Benefit Expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
	Euros	Euros
Salaries and wages	6,138,993	5,420,765
Retirement benefit obligations (Refer Note 13)	193,053	155,809
Other staff benefits	244,976	207,171
Staff Welfare	1,520,949	1,655,373
	8,097,971	7,439,118

Number of employees at 31 March for the Company

927

895



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Notes to the financial statements for the year ended 31 March 2023(Continued)

22. Finance Costs

	For the year ended 31 March 2023 Euros	For the year ended 31 March 2022 Euros
Borrowing Costs	-	-
Borrowing Costs Related Parties (Refer Note 10)	1,880,409	1,082,841
Interest cost on Finance lease (IFRS 16)	9,491	9,908
Bank Charges	41,975	48,265
Total Finance Costs	<u>1,931,875</u>	<u>1,141,014</u>
Less: Finance Income		
Interest income on loan -Related parties (Refer Note 10)	(4,406,644)	(2,492,670)
Total Finance Income	<u>(4,406,644)</u>	<u>(2,492,670)</u>
Net Finance Costs	<u>(2,474,769)</u>	<u>(1,351,656)</u>

23. Fair value

The fair value of the company's financial assets and liabilities at 31 March 2023 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 27, 2023.

