

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 2021

MSSL Mideast (FZE)

**Financial statements
For the year ended 31 March 2021**

Particulars	Page
Independent auditors' report	1
Balance sheet	2
Statement of income	3
Statement of changes in equity	4
Statement of cash flow	5 - 6
Notes to the financial statements	7 - 21

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 2021 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 2021, 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: June 21, 2021



MSSL Mideast (FZE)
Balance sheet at 31 March 2021

	Notes	March 31, 2021 Euros	March 31, 2020 Euros
ASSETS			
Non-current assets			
Property, plant and equipment	4	484,381	604,753
Right-of-use Assets (Recog. under IFRS 16)	5	97,014	109,645
Investments	6	57,165,526	57,165,526
		<u>57,746,921</u>	<u>57,879,924</u>
Current assets			
Inventories	7	10,205,922	10,127,918
Trade & Other Receivables	8	281,697,463	313,856,386
Cash and cash equivalents	9	7,058,794	2,961,717
		<u>298,962,179</u>	<u>326,946,021</u>
Total assets		<u>356,709,100</u>	<u>384,825,945</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		203,801,534	198,393,509
		<u>298,928,322</u>	<u>293,520,297</u>
Non-current liabilities			
Retirement benefit obligations	13	306,964	279,160
Lease Liabilities	15	83,844	99,889
		<u>390,808</u>	<u>379,049</u>
Current liabilities			
Borrowings	14	48,200,000	82,493,179
Trade and other payables	16	9,175,580	8,430,308
Lease Liabilities	15	14,390	3,112
		<u>57,389,970</u>	<u>90,926,599</u>
Total equity and liabilities		<u>356,709,100</u>	<u>384,825,945</u>

These financial statements were approved on June 21, 2021 and were signed by:

Place: Sharjah

For and on behalf of the Board

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 2021

	Notes	Year ended March 31, 2021 Euros	Year ended March 31, 2020 Euros
Continuing Operations			
Sales		35,698,596	41,741,935
Cost of Sales	17	(27,892,943)	(32,783,917)
Gross profit		7,805,653	8,958,018
Selling and distribution costs	18	(4,621,898)	(4,768,411)
General and administration expenses	19	(1,221,994)	(583,236)
Other income	20	33,681	1,296,069
Operating profit		1,995,442	4,902,440
Finance Income	22	4,322,895	5,730,695
Finance Costs	22	(910,312)	(430,294)
Finance Costs- (Net)		3,412,583	5,300,401
Profit for the year		5,408,025	10,202,841

These financial statements were approved on June 21, 2021 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 2021

	Share Capital Euros	General Reserve Euros	Security Premium Euro	Retained Earnings Euros	Total Euros
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
At 1 April 2020	94,216,875	909,913	130,000,000	68,393,509	293,520,297
Profit from continued operations	-	-	-	5,408,025	5,408,025
Dividend	-	-	-	-	-
At 31 March 2021	94,216,875	909,913	130,000,000	73,801,534	298,928,322

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 2021

	Notes	Year ended March 31, 2021 Euros	Year ended March 31, 2020 Euros
<u>Operating activities</u>			
Profit for the year		5,408,025	10,202,841
Adjustments for:			
Depreciation		230,595	292,531
Depreciation (Right-to-use assets – IFRS 16)		15,531	17,256
Provision for employees' end of service Benefits		106,808	155,218
Dividend Income		(211)	(240)
Interest expense	22	898,971	417,151
Interest Income	22	(4,322,895)	(5,730,695)
Profit on sale of Assets		(33,470)	(8,163)
Unrealised Foreign exchange Loss		500,974	(457,716)
Operating cash flows before changes in working capital and payment of employees' end of service benefits		2,804,328	4,888,183
Payment of employees' end of service Benefits	13	(79,004)	(154,797)
<u>Changes in working Capital:</u>			
Inventories		(78,004)	1,019,532
Trade Receivable		980,462	(157,392)
Other receivables and prepayments		(397,507)	417,132
Due from related parties and parent		12,943	1,807,868
Trade and other payables		442,256	1,478,677
Due to related parties and parent		265,401	1,556,037
Net cash provided by operating activities		3,950,875	10,855,240
<u>Investing activities</u>			
Purchase of property, plant and equipment		(132,282)	(152,130)
Proceeds from Sales of property, plant and equipment		55,529	8,163
Investment in Subsidiary /Related Parties		-	-
Loan to Subsidiary/Other Related Parties		(91,415,000)	(124,040,515)
Dividend Income		211	240
Repayment of Loan to Subsidiary/Other Related Parties		125,448,810	85,922,675
Interest Received		1,392,800	2,698,799
Net cash (used in) by Investing Activities		35,350,068	(35,562,768)

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 2021 (continued)

	Notes	Year ended March 31, 2021 Euros	Year ended March 31, 2020 Euros
<u>Financing activities</u>			
Dividend paid		-	(30,000,000)
Interest Paid –Parent		(26,250)	-
Interest Paid – Subsidiary & related parties		(542,966)	(376,852)
Interest paid - Bank		(329,755)	(40,299)
Payment of lease liabilities		(11,716)	(12,680)
Proceeds/(Repayment) from short term borrowings - Related Parties		(34,293,179)	18,779,520
Proceeds/(Repayment) from short term borrowings - Bank		(35,000,000)	35,000,000
Proceeds/(Repayment) from short term borrowings - Parent		35,000,000	-
Net cash provided by financing Activities		(35,203,866)	23,349,689
Net increase in cash and cash Equivalents		4,097,077	(1,357,839)
Cash and cash equivalents, beginning of the Year		2,961,717	4,319,556
Cash and cash equivalents, end of the year	9	7,058,794	2,961,717
Cash at bank and Cash in hand		7,058,794	2,961,717
		7,058,794	2,961,717

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 2021

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, 2020)
- 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 2021(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 2021(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 2021(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 2021(Continued)

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, 2021.

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.

(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.



MSSL Mideast (FZE)

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

(iv) Liquidity risk

The Company has a positive net working capital position as on 31 March, 2021 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 2021(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, 2020					
Opening net book amount	-	648,559	17,357	79,238	745,154
Additions	-	122,879	11,996	17,255	152,130
Disposals	-	(557,885)	(185,159)	-	(743,044)
Dep. on disposal of Asset	-	557,885	185,159	-	743,044
Depreciation charge	-	(234,530)	(8,733)	(49,268)	(292,531)
Closing net book amount	-	536,908	20,620	47,225	604,753
Year ended March 31, 2021					
Opening net book amount	-	536,908	20,620	47,225	604,753
Additions	-	-	14,707	117,575	132,282
Disposals	-	-	-	-	-
Dep. on disposal of Asset	-	-	-	-	-
Sale/Adjustments (Net of Acc. Dep.)	-	(22,059)	-	-	(22,059)
Depreciation charge	-	(177,628)	(11,222)	(41,745)	(230,595)
Closing net book amount	-	337,221	24,105	123,055	484,381



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2021(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	1,500	109,645
Amount as on 1 st April 2021	108,145	1,500	109,645
Additions	-	4,497	4,497
Sale/Adjustments (Net of Acc. Dep.)		(1,597)	(1,597)
Depreciation charge	(14,069)	(1,462)	(15,531)
Closing net book amount as on 31 st March 2021	94,076	2,938	97,014

6. Investments

	As at 31 March 2021 Euros	As at 31 March 2020 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 2000 (Previous year 1 share of Euro 2000)	2,000	2,000
	<u>57,165,526</u>	<u>57,165,526</u>



MSSL Mideast (FZE)

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

7. Inventories

	As at 31 March 2021	As at 31 March 2020
	Euros	Euros
Raw materials	5,181,580	5,076,598
Work in progress	1,100,283	1,396,376
Finished goods	1,177,985	1,337,474
Goods in Transit	2,746,074	2,317,470
	<u>10,205,922</u>	<u>10,127,918</u>

8. Trade & Other Receivables

	As at 31 March 2021	As at 31 March 2020
	Euros	Euros
Trade Receivables	1,889,078	2,767,422
Prepayments	29,246	23,976
Other Receivables	798,899	968,089
Interest Receivable Related Parties (Refer Note 10)	9,035,850	6,105,755
Due from Related Parties (Refer Note 10)	2,976,295	2,989,238
Loans to Related Parties (Refer Note 10)	266,968,095	301,001,906
	<u>281,697,463</u>	<u>313,856,386</u>

9. Cash and Cash equivalents

	As at 31 March 2021	As at 31 March 2020
	Euros	Euros
Cash in hand	29,216	190,529
Balance with Banks	7,029,578	2,771,188
	<u>7,058,794</u>	<u>2,961,717</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2021(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	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Transactions						
Sales	469,562	328,715	1,712,855	1,963,905	13,101,088	16,013,114
Interest Income	-	-	1,029,840	1,184,883	3,293,055	4,545,812
Dividend Income	-	-	-	-	211	240
Purchase of goods & Material	2,942,493	2,348,968	887,501	1,321,383	1,577,742	1,821,880
Purchase of services & others	308,770	225,606	245,915	23,380	1,309,753	1,432,465
Interest Expenses	26,250	-	192,406	367,312	350,560	7,887
Loans received back	-	-	3,745,176	7,640,216	121,703,634	78,282,459
Loans Advanced	-	-	415,000	1,768,415	91,000,000	122,272,100
Loans taken	35,000,000	-	13,200,000	40,579,500	-	6,600,000
Loans repaid	-	-	47,493,179	28,400,000	-	-



MSSL Mideast (FZE)

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

	Parent		Subsidiary		Related Parties	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Balances						
Loan Receivable	-	-	68,020,160	71,341,951	198,947,935	229,659,955
Interest Receivable	-	-	1,183,620	1,473,156	7,852,230	4,632,599
Trade Receivables	65,809	44,690	550,267	300,520	2,360,219	2,644,028
Loan Payables	35,000,000	-	10,900,000	40,893,179	2,300,000	6,600,000
Interest Payables	26,250	-	156,660	359,974	358,447	7,887
Trade Payable	654,673	252,345	1,117,622	1,109,764	1,630,760	1,775,545

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.

13. Retirement benefit obligations

	As at 31 March 2021 Euros	As at 31 March 2020 Euros
Provision for employees' end of service benefits		
At 1 April 2020	279,160	278,739
Charge for the year	106,808	155,218
Payments during the year	(79,004)	(154,797)
At the end of the year	<u>306,964</u>	<u>279,160</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2021(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 2021, 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 2021, 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 2021 Euros	As at 31 March 2020 Euros
Short term borrowings- Related parties (Refer Note 10)	48,200,000	47,493,179
Short term borrowings- from bank	-	35,000,000
	<u>48,200,000</u>	<u>82,493,179</u>

15. Lease Obligation

	As at 31 March 2021 Euros	As at 31 March 2020 Euros
Finance Lease Non-Current (Recog. under IFRS 16)	83,844	99,889
Finance Lease - Current (Recog. under IFRS 16)	14,390	3,112
	<u>98,234</u>	<u>103,001</u>

16. Trade and Other payables

	As at 31 March 2021 Euros	As at 31 March 2020 Euros
Trade payables	2,328,173	3,352,641
Accrued Expenses	2,885,073	1,570,500
Due to Related Parties (Refer Note 10)	3,403,055	3,137,654
Interest Payable to Related Parties(Refer Note 10)	541,516	369,513
Other liability	17,763	
	<u>9,175,580</u>	<u>8,430,308</u>



MSSL Mideast (FZE)

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

17. Cost of Sales

	For the year ended 31 March 2021	For the year ended 31 March 2020
	Euros	Euros
Raw materials consumed	19,665,826	22,692,366
Changes in work-in-progress and finished goods	507,043	1,506,403
Employee Benefit Expense (Refer Note 21)	5,652,288	6,300,014
Depreciation	193,159	280,740
Electricity and water	239,595	287,344
Rent	653,257	698,289
Tools and stores consumed	177,314	82,023
Legal and Professional cost	14,712	14,762
Repair and Maintenance	119,460	185,333
Travelling	113,427	257,127
Insurance	81,535	84,283
Other direct expenses	475,327	395,233
	27,892,943	32,783,917

18. Selling and distribution costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
	Euros	Euros
Employee Benefit Expense (Refer Note 21)	460,449	361,822
Freight and transportation	2,819,581	3,098,549
Professional services	1,142,768	1,124,681
Bad and Doubtful Advances	-	36,776
Travelling	155,838	107,060
Others	43,262	39,523
	4,621,898	4,768,411



MSSL Mideast (FZE)

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

19. General and administration expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
	Euros	Euros
Employee Benefit Expense (Refer Note 21)	9,037	10,501
Depreciation	52,967	29,047
Electricity & water	42,281	50,708
Repairs and maintenance	34,194	46,102
Insurance	14,389	14,873
Travelling & Conveyance	9,363	25,297
Legal & Professional expenses	469,462	387,761
Net foreign exchange transaction losses / (gain)	525,631	-
Other expenses	64,670	18,947
	1,221,994	583,236

20. Other Income

	For the year ended 31 March 2021	For the year ended 31 March 2020
	Euros	Euros
Dividend Income	211	240
Profit on sale of Assets	33,470	8,163
Net foreign exchange transaction Gain	-	471,270
Miscellaneous Income	-	816,396
	33,681	1,296,069

21. Employee Benefit Expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
	Euros	Euros
Salaries and wages	4,586,115	4,902,328
Retirement benefit obligations (Refer Note 13)	106,808	155,218
Other staff benefits	190,192	209,719
Staff Welfare	1,238,658	1,405,072
	6,121,773	6,672,337

Number of employees at 31 March for the Company

811

842



MSSL Mideast (FZE)

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

22. Finance Costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
	Euros	Euros
Borrowing Costs	295,180	1,653
Borrowing Costs Related Parties (Refer Note 10)	569,216	375,199
Interest cost on Finance lease (IFRS 16)	11,341	13,143
Bank Charges	34,575	40,299
Total Finance Costs	<u>910,312</u>	<u>430,294</u>
Less : Finance Income		
Interest income on loan -Related parties (Refer Note 10)	(4,322,895)	(5,730,695)
Total Finance Income	<u>(4,322,895)</u>	<u>(5,730,695)</u>
Net Finance Costs	<u>(3,412,583)</u>	<u>(5,300,401)</u>

23. Fair value

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

24. Adoption of Accounts

The accounts were adopted by the Board of Directors in the meeting held on June 21, 2021.

