

# مؤسسة النداء لتدقيق الحسابات

AL NEDAA PUBLIC  
ACCOUNTANTS & AUDITORS

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](mailto:alneeda2011@hotmail.com)

Public Accountants & Auditors

محاسبون قانونيون ومدققو حسابات

**MSSL Mideast (FZE)**

**Financial statements**

**For the Year Ended 31 March 2019**

**MSSL Mideast (FZE)**

**Financial statements**

**For the year ended 31 March 2019**

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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 2019 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

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

#### **AL NEDAA AUDITING ACCOUNTANTS**

**SHARJAH, UNITED ARAB EMIRATES**

Samir Zaki Amin Ahmed

Registration No: 440



Date: 29<sup>th</sup> June, 2019



**MSSL Mideast (FZE)**  
**Balance sheet at 31 March 2019**


	Notes	2019 Euros	2018 Euros
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	745,154	1,018,293
Investments	5	57,165,526	57,163,526
		<u>57,910,680</u>	<u>58,181,819</u>
<b>Current assets</b>			
Inventories	6	11,147,450	13,568,353
Trade & Other Receivables	7	274,356,728	248,004,643
Cash and cash equivalents	8	4,319,556	1,374,140
		<u>289,823,734</u>	<u>262,947,136</u>
<b>Total assets</b>		<u><b>347,734,414</b></u>	<u><b>321,128,955</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	94,216,875	94,216,875
General reserve	11	909,913	909,913
Other Reserves & Surplus		218,190,668	217,256,063
		<u>313,317,456</u>	<u>312,382,851</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	12	278,739	247,010
		<u>278,739</u>	<u>247,010</u>
<b>Current liabilities</b>			
Borrowings	13	28,713,659	1,300,000
Trade and other payables	14	5,424,560	7,199,094
		<u>34,138,219</u>	<u>8,499,094</u>
<b>Total equity and liabilities</b>		<u><b>347,734,414</b></u>	<u><b>321,128,955</b></u>

These financial statements were approved on June 29, 2019 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 2019

	Notes	Year ended March 31, 2019 Euros	Year ended March 31, 2018 Euros
<b>Continuing Operations</b>			
<b>Sales</b>			
		46,238,764	44,288,736
Cost of Sales	15	(36,710,512)	(33,909,889)
<b>Gross profit</b>		<u>9,528,252</u>	<u>10,378,847</u>
Selling and distribution costs	16	(3,629,355)	(3,885,050)
General and administration expenses	17	(725,866)	(2,376,015)
Other income	18	1,197,974	138,551
<b>Operating profit</b>		<u>6,371,005</u>	<u>4,256,333</u>
Finance Costs	20	(129,801)	(42,406)
Finance Income	20	3,237,399	2,315,739
Finance Costs- (Net)		<u>3,107,598</u>	<u>2,273,333</u>
<b>Profit for the year</b>		<u><u>9,478,603</u></u>	<u><u>6,529,666</u></u>

These financial statements were approved on June 29, 2019 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 2019**

	<b>Share Capital Euros</b>	<b>General Reserve Euros</b>	<b>Security Premium Euro</b>	<b>Retained Earnings Euros</b>	<b>Total Euros</b>
At 1 April 2017	94,216,875	909,913	130,000,000	80,726,396	305,853,184
Profit from continued operations	-	-	-	6,529,666	6,529,666
Amount transferred to General Reserves	-	-	-	-	-
Share Application Money received during the year	-	-	-	-	-
<b>At 31 March 2018</b>	<b>94,216,875</b>	<b>909,913</b>	<b>130,000,000</b>	<b>87,256,062</b>	<b>312,382,850</b>
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)
Share Application Money received during the year	-	-	-	-	-
<b>At 31 March 2019</b>	<b>94,216,875</b>	<b>909,913</b>	<b>130,000,000</b>	<b>88,190,668</b>	<b>313,317,456</b>



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 2019

	Notes	Year ended March 31, 2019 Euros	Year ended March 31, 2018 Euros
<b><u>Operating activities</u></b>			
Profit for the year		9,478,603	6,529,666
Adjustments for:			
Depreciation		291,931	307,910
Provision for employees' end of service Benefits		151,156	95,480
Dividend Income		(813)	-
Interest expense	20	129,801	42,406
Interest Income	20	(3,237,399)	(2,315,739)
Profit on sale of Assets		(5,253)	(8,649)
Provision no longer required written back		-	(129,902)
Unrealised Foreign exchange Loss		(1,140,689)	664,363
Operating cash flows before changes in working capital and payment of employees' end of service benefits		<b>5,667,337</b>	<b>5,185,535</b>
Payment of employees' end of service Benefits	12	(119,427)	(96,495)
Changes in working capital:			
Inventories		(2,420,903)	(3,051,279)
Trade Receivable		583,921	(531,553)
Other receivables and prepayments		1,049,567	594,141
Due from related parties and parent		(90,922)	855,554
Trade and other payables		1,812,033	216,808
Due to related parties and parent		26,045	35,318
Net cash provided by operating activities		<b>7,725,391</b>	<b>3,208,029</b>

### **Investing activities**

Purchase of property, plant and equipment	(18,792)	(661,162)
Proceeds from Sales of property, plant and equipment	5,253	-
Investment in Subsidiary /Related Parties	(2,000)	-
Proceeds from Sale of Investment	-	-
Loan to Subsidiary/Other Related Parties	(49,150,750)	(38,888,505)
Dividend Income	813	-
Repayment of Loan to Subsidiary/Other Related Parties	24,826,117	21,755,578
Interest Received	8,19,526	2,610,822
Net cash (used in) by Investing Activities	(23,519,833)	(15,174,618)





## MSSL Mideast (FZE)

### Statement of Cash flows for the year ended 31 March 2019 (continued)

	Notes	Year ended March 31, 2019 Euros	Year ended March 31, 2018 Euros
<b><u>Financing activities</u></b>			
Dividend paid		(8,544,000)	-
Interest Paid		(129,801)	(42,406)
Proceeds/(Repayment) from Short terms borrowings		27,413,659	1,300,000
Net cash provided by financing Activities		18,739,858	1,257,594
Net increase in cash and cash Equivalents		2,945,416	(10,708,995)
Cash and cash equivalents, beginning of the Year		1,374,140	12,083,135
Cash and cash equivalents, end of the year	8	4,319,556	1,374,140
Cash at bank and Cash in hand		4,319,556	1,374,140
		4,319,556	1,374,140



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 2019**

#### **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
  - 6) MSSL Manufacturing Hungary Kft: MSSL GmbH holds 100% shareholding
- b) MSSL GB Limited, a company incorporated in U.K. as a private limited company  
MSSL GB has following subsidiaries:-
- 1) MSSL Consolidated Inc (USA) MSSL GB holds 100% shareholding
  - 2) MSSL Overseas Wiring System Ltd. (UK) MSSL GB holds 100% shareholding (liquidated on January 29, 2019)
  - 3) MSSL Wiring System Inc.(USA) MSSL GB holds 100% shareholding
  - 4) MSSL Wirings Juarez, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 5) Alphabet de Mexico, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 6) Alphabet de Mexico de Monclova, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 7) Alphabet de Saltillo, S.A. de C.V. (Mexico) MSSL GB holds 100% shareholding
  - 8) MSSL Ireland Pvt. Ltd (Ireland) MSSL GB holds 100% shareholding
  - 9) MSSL s.r.l Unipersonale (Italy) MSSL GB holds 100% shareholding
  - 10) MSSL Estonia WH OÜ (Estonia) MSSL GB holds 100% shareholding
  - 11) 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.

#### **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:



## **MSSL Mideast (FZE)**

### **Notes to the financial statements for the year ended 31 March 2019(Continued)**

#### **2.1 Basis of preparation**

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

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

#### **2.1 Investment in Subsidiaries**

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

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

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

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

#### **2.2 Foreign currency translation**

##### ***(i) Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The significant transactions of the Company are in Euros. Hence the Board of directors considers the Euro ("EUR") as their functional currency. The financial statements are presented in EUR, which is the Company's functional currency.

##### ***(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 2019(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 2019(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 2019(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 Group.

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 Sumi 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, 2019.

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 2019(Continued)**

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

The Company has a positive net working capital position as on 31 March, 2019 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 2019(Continued)****4. Property, plant and equipment**

	<b>Building</b>	<b>Plant and Machinery</b>	<b>Furniture fixtures and equipment</b>	<b>Motor vehicles</b>	<b>Capital Work in Progress</b>	<b>Total</b>
	Euros	Euros	Euros	Euros	Euros	Euros
Opening Net Book Amount April 01, 2017		624,190	20,771	20,080		665,041
Additions		555,486	6,536	99,140		661,162
Sale/Adjustments (Net of Acc. Dep.)						
Depreciation Charge		(278,096)	(1,078)	(28,736)		(307,910)
Net Book Amount March 31, 2018		901,580	26,229	90,484		1,018,293
Net Book Amount April 01, 2018		901,580	26,229	90,484		1,018,283
Additions		18,792	-	-		-
Depreciation Charge		(271,813)	(8,872)	(11,246)		(291,931)
Net Book Amount March 31, 2019		648,559	17,357	79,238		745,154





**MSSL Mideast (FZE)****Notes to the financial statements for the year ended 31 March 2019(Continued)****5. Investments**

	As at 31 March 2019 Euros	As at 31 March 2018 Euros
<b>Investment in Subsidiaries (Unquoted at cost)</b>		
a) MSSL GmbH	21,960,000	21,960,000
b) MSSL GB Ltd [(1,000 shares of 1 GBP each, Previous year 1,000 shares of 1 GBP)]	35,138,922	35,138,922
c) MSSL Tooling (FZE) [(1,500 shares of AED 100 each , Previous year 1,500 Shares of AED 100 each]	32,504	32,504
d) 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	-
	<u>57,165,526</u>	<u>57,163,526</u>

**6. Inventories**

	As at 31 March 2019 Euros	As at 31 March 2018 Euros
Raw materials	4,547,556	4,465,195
Work in progress	2,136,001	1,928,404
Finished goods	2,250,228	4,256,881
Goods in Transit	2,213,665	2,917,873
	<u>11,147,450</u>	<u>13,568,353</u>



**MSSL Mideast (FZE)****Notes to the financial statements for the year ended 31 March 2019(Continued)****7. Trade & Other Receivables**

	As at 31 March 2019	As at 31 March 2018
	Euros	Euros
Trade Receivables	2,663,270	3,171,148
Prepayments	27,574	22,720
Other Receivables	4,014,713	1,545,158
Due from Related Parties		
- Subsidiaries	313,982	213,502
- Other Related Parties	4,068,152	4,434,956
Due from Parent	414,972	57,726
Loans to Subsidiaries	77,273,486	56,563,213
Loans to Other related parties	185,610,579	181,996,220
	<u>274,356,728</u>	<u>248,004,643</u>

**8. Cash and Cash equivalents**

	As at 31 March 2018	As at 31 March 2018
	Euros	Euros
Cash in hand	40,320	24,743
Balance with Banks	4,279,236	1,349,397
	<u>4,319,556</u>	<u>1,374,140</u>



## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2019(Continued)

#### 9. Related party transactions and balances

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

	Year ended 31 March 2019 Euros	Year ended 31 March 2018 Euros
Sales		
- Parent	461,495	489,327
- Subsidiary	1,751,403	1,312,943
- Other related parties	20,506,770	20,248,375
Interest Income		
- Subsidiary	821,388	705,687
- Other related parties	2,252,471	1,596,471
Purchase of goods and material		
- Parent	378,448	333,449
- Subsidiary	2,417,471	1,166,266
- Other related parties	1,148,239	3,064,830
Purchase of services		
- Parent	925	-
- Subsidiary	39,018	-
- Other related parties	476,190	499,778
Purchase of property, plant & Equipment		
- Parent		17,277
Investments made		
- Subsidiary	2,000	-
Loans received back		
- Subsidiary	89,150	4,038,136
-Other related parties	24,736,967	17,717,442
Loans Advanced		
- Subsidiary	6,180,000	24,418,872
- Other related parties	42,970,750	14,469,663
Loans taken		
- Subsidiary	28,713,659	13,00,000



**MSSL Mideast (FZE)****Notes to the financial statements for the year ended 31 March 2019(Continued)**

	Year ended 31 <sup>st</sup> March 2019 Euro	Year ended 31 <sup>st</sup> March 2018 Euro
<b>Due from related parties</b>		
<b>(I) Current</b>		
Due from subsidiaries	313,982	573,551
Due from Parent	414,972	57,726
Due from other related parties	4,068,152	4,074,907
	<u>4,797,106</u>	<u>4,706,184</u>
<b>(II) Non-Current</b>		
Loan Receivable from subsidiaries	77,273,486	56,563,215
Loan Receivable from other Related parties	185,610,579	181,996,221
	<u>262,884,065</u>	<u>238,559,435</u>
<b>Due to related parties</b>		
Due to subsidiaries	<u>1,072,452</u>	<u>1,130,454</u>
Due to Parent	<u>17,545</u>	<u>55,774</u>
Due to other related parties	<u>493,629</u>	<u>371,353</u>

**10. 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.

**11. General reserve**

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

**MSSL Mideast (FZE)****Notes to the financial statements for the year ended 31 March 2019(Continued)****12. Retirement benefit obligations**

	As at 31 March 2019 Euros	As at 31 March 2018 Euros
Provision for employees' end of service benefits		
At 1 April 2018	247,010	248,025
Charge for the year	151,156	95,480
Payments during the year	(119,427)	(96,495)
	<u>278,739</u>	<u>247,010</u>
At the end of the year		

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 2019, 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 2019, based on these assumptions, is not materially different from the provision computed in accordance with the UAE Labour Law.

**13. Borrowings**

	As at 31 March 2019 Euros	As at 31 March 2018 Euros
Short term borrowings- from Subsidiaries	28,713,659	1,300,000
	<u>28,713,659</u>	<u>1,300,000</u>

**14. Trade and Other payables**

	As at 31 March 2019 Euros	As at 31 March 2018 Euros
Trade payables	2,356,281	3,704,600
Accrued Expenses	1,484,653	1,936,913
Due to subsidiaries (Refer Note 9)	1,072,452	1,130,454
Due to Related Parties (Refer Note 9)	493,629	371,353
Due to Parent (Refer Note 9)	17,545	55,774
	<u>5,424,560</u>	<u>7,199,094</u>



**MSSL Mideast (FZE)****Notes to the financial statements for the year ended 31 March 2019(Continued)****15. Cost of Sales**

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Euros	Euros
Raw materials consumed	25,359,193	26,754,586
Changes in work-in-progress and finished goods	2,115,230	(1,077,969)
Employee Benefit Expense (Refer Note 19)	6,809,854	5,690,793
Depreciation	255,894	294,704
Electricity and water	275,462	290,318
Rent	785,152	746,586
Tools and stores consumed	160,330	137,073
Legal and Professional cost	14,937	13,727
Repair and Maintenance	177,447	236,845
Travelling	200,050	271,288
Insurance	64,969	59,578
Other direct costs and overheads	491,994	492,360
	<u>36,710,512</u>	<u>33,909,889</u>

**16. Selling and distribution costs**

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Euros	Euros
Employee Benefit Expense (Refer Note 19)	313,175	198,013
Freight and transportation	3,030,129	3,443,524
Professional services	121,279	164,542
Travelling	114,848	41,474
Others	49,924	37,497
	<u>3,629,355</u>	<u>3,885,050</u>



## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2019(Continued)

#### 17. General and administration expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Euros	Euros
Employee Benefit Expense (Refer Note 19)	7,916	8,438
Depreciation	36,036	13,206
Electricity & water	48,611	51,233
Repairs and maintenance	44,464	53,433
Insurance	11,465	10,514
Travelling & Conveyance	76,565	27,649
Legal & Professional expenses	446,329	650,027
Net foreign exchange transaction Loss	-	1,540,101
Other expenses	54,480	21,415
	<u>725,866</u>	<u>2,376,015</u>

#### 18. Other Income

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Euros	Euros
Miscellaneous Income (Dividend)	813	-
Profit on sale of Assets	5,253	8,649
Net foreign exchange transaction Gain	1,191,908	-
Provisions no longer required written back	-	129,902
	<u>1,197,974</u>	<u>138,551</u>

#### 19. Employee Benefit Expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Euros	Euros
Salaries and wages	5,344,093	4,114,984
Retirement benefit obligations (Refer Note 12)	151,156	95,481
Other staff benefits	203,462	167,476
Staff Welfare	1,432,234	1,519,303
	<u>7,130,945</u>	<u>5,897,244</u>



## MSSL Mideast (FZE)

### Notes to the financial statements for the year ended 31 March 2019(Continued)

Number of employees at 31 March for the Company	767	844
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## 20. Finance Costs

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Euros	Euros
Borrowing Costs	92,574	163
Bank Charges	37,227	42,243
<b>Total Finance Costs</b>	<b><u>129,801</u></b>	<b><u>42,406</u></b>
Less : Finance Income		
Interest income on loan to related parties	(3,237,399)	(2,315,739)
Interest income on short term bank deposits	-	-
<b>Total Finance Income</b>	<b><u>(3,237,399)</u></b>	<b><u>(2,315,739)</u></b>
<b>Net Finance Costs</b>	<b><u>(3,107,598)</u></b>	<b><u>(2,273,333)</u></b>

## 21. Fair value

The fair value of the company's financial assets and liabilities at 31 March 2019 approximated their net book amounts as reflected in these financial statements.

## 22. Adoption of Accounts

The accounts were adopted by the Board of Directors in the meeting held on June 29, 2019.

