

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 2026

MSSL Mideast (FZE)

**Financial statements
For the year ended 31 March 2026**

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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 2026 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 2026, 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

Samir Zaki Amin Ahmed Zaki Amin

Registration No: 440

Place: Sharjah

Date: Jun 19, 2026



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MSSL Mideast (FZE)

Balance sheet at 31 March 2026

	Notes	31-Mar-26 Euro	31-Mar-25 Euro
Assets			
Non-current assets			
Property, plant and equipment	4	1,183,338	998,850
Right-of-use assets (Recog. under IFRS 16)	5	20,898	34,698
Investments	6	36,345,301	36,310,296
Trade & other receivables	8	122,518,435	74,590,794
		<u>160,067,972</u>	<u>111,934,638</u>
Current assets			
Inventories	7	15,430,961	18,119,632
Trade & other receivables	8	275,053,965	339,733,955
Cash and cash equivalents	9	7,343,404	4,575,239
		<u>297,828,330</u>	<u>362,428,826</u>
Total assets		<u>457,896,302</u>	<u>474,363,464</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	94,216,875	94,216,875
General reserve	12	5,871,727	4,683,738
Other reserves & surplus		154,057,865	154,365,965
		<u>254,146,467</u>	<u>253,266,578</u>
Non-current liabilities			
Retirement benefit obligations	13	465,663	442,391
Borrowings	14	15,895,650	-
Lease liabilities	15	-	22,098
		<u>16,361,313</u>	<u>464,489</u>
Current liabilities			
Borrowings	14	173,549,370	205,937,450
Trade and other payables	16	13,818,459	14,675,196
Lease liabilities	15	20,693	19,751
		<u>187,388,522</u>	<u>220,632,397</u>
Total equity and liabilities		<u>457,896,302</u>	<u>474,363,464</u>

These financial statements were approved on June 19, 2026 and were signed by:

For and on behalf of the Board

Atul



Place: Sharjah

Notes on pages 7 to 25 are an integral part of these financial statements



MSSL Mideast (FZE)

Statement of income for the year ended 31 March 2026

Continuing Operations	Notes	For the year ended	For the year ended
		31-Mar-26	31-Mar-25
		Euro	Euro
Sales		48,223,199	41,798,417
Cost of sales	17	(37,523,536)	(33,345,760)
Gross profit		10,699,663	8,452,657
Selling and distribution costs	18	(4,804,441)	(4,443,193)
General and administration expenses	19	(667,057)	(395,537)
Other income	20	32,107	5,689,802
Operating profit		5,260,272	9,303,729
Finance income	22	16,952,587	20,106,772
Finance costs	22	(8,774,968)	(6,133,618)
Finance income- (net)		8,177,619	13,973,154
Profit before interest & taxation		13,437,891	23,276,883
Income tax expenses	23	(1,558,002)	-
Profit after tax		11,879,889	23,276,883

These financial statements were approved on June 19, 2026 and were signed by:

For and on behalf of the Board

Atul

 Atul Kumar Agarwal
 (Director)

Place: Sharjah

Notes on pages 7 to 25 are an integral part of these financial statements


 المحاسبون القانونيون
 Atul Kumar Agarwal Auditing Accountants
 No. 66, 5687272

MSSL Mideast (FZE)**Statement of changes in equity for the year ended 31 March 2026**

	Share Capital Euro	General Reserve Euro	Security Premium Euro	Retained Earnings Euro	Total Euro
At 1 April 2024	94,216,875	2,356,050	130,000,000	3,416,770	229,989,695
Profit/(Loss) for the period	-	-	-	23,276,883	23,276,883
Amount transferred to general reserve	-	2,327,688	-	(2,327,688)	-
Dividend paid	-	-	-	-	-
At 31 March 2025	94,216,875	4,683,738	130,000,000	24,365,965	253,266,578
At 1 April 2025	94,216,875	4,683,738	130,000,000	24,365,965	253,266,578
Profit/(Loss) for the period	-	-	-	11,879,889	11,879,889
Amount transferred to general reserve	-	1,187,989	-	(1,187,989)	-
Dividend paid	-	-	-	(11,000,000)	(11,000,000)
At 31 March 2026	94,216,875	5,871,727	130,000,000	24,057,865	254,146,467

Notes on pages 7 to 25 are an integral part of these financial statements



MSSL Mideast (FZE)**Statement of cash flows for the year ended 31 March 2026**

<u>Operating activities</u>	Notes	Year ended 31-Mar-26 Euro	Year ended 31-Mar-25 Euro
Profit before tax		13,437,891	23,276,883
Adjustments for:			
Depreciation	4	338,570	417,667
Depreciation (Right-to-use assets IFRS 16)	5	13,630	15,531
Provision for employees' end of service	13	200,026	170,366
Dividend income		-	(5,482,952)
Interest expense	22	8,774,968	6,133,618
Interest income	22	(16,952,587)	(20,106,772)
Profit on sale of assets	4	(32,107)	(206,850)
Unrealised foreign exchange loss		366,498	(176,581)
Operating profit before working capital changes and payment of employees' end of service benefits		<u>6,146,889</u>	<u>4,040,910</u>
Payment of employees' end of service benefits	13	(176,754)	(124,360)
<u>Changes in working capital:</u>			
Inventories		2,688,671	(2,450,421)
Trade receivable		(815,623)	2,618,990
Other receivables and prepayments		3,204,022	13,641,571
Due from related parties and parent		(1,119,900)	(1,210,176)
Trade and other payables		(135,366)	1,405,434
Due to related parties and parent		(862,622)	1,937,250
Net cash generated from operating activities		8,929,317	19,859,198
 <u>Investing activities</u>			
Purchase of property, plant and equipment	4	(547,887)	(413,407)
Proceeds from sales of property, plant and equipment		56,936	344,300
Investment		(35,005)	(4,104,770)
Loan to subsidiary / other related parties		(300,531)	(174,667,039)
Dividend income	20	-	5,482,952
Repayment of loan from subsidiary / other related parties		21,751,373	21,370,409
Interest received		11,249,066	23,074,290
Net cash generated from investing activities		32,173,952	(128,913,265)

Notes on pages 7 to 25 are an integral part of these financial statements



MSSL Mideast (FZE)

Statement of Cash flows for the year ended 31 March 2026 (continued)

<u>Financing activities</u>	Notes	Year ended 31-Mar-26 Euro	Year ended 31-Mar-25 Euro
Dividend paid		(11,000,000)	-
Interest paid – subsidiary & related parties		(10,173,155)	(4,878,107)
Interest paid – bank		(15,321)	(26,565)
Loan from subsidiary		5,000,000	-
Payment of lease liabilities		(24,399)	(23,339)
Proceeds / (repayment) from short term borrowings - Parent		-	165,000,000
Proceeds / (repayment) from short term borrowings - subsidiary		(22,122,229)	(55,940,700)
Net cash provided by financing activities		<u>(38,335,104)</u>	<u>104,131,289</u>
Net increase in cash and cash equivalents		2,768,165	(4,922,778)
Cash and cash equivalents, beginning of the year		4,575,239	9,498,017
Cash and cash equivalents, end of the year	9	<u>7,343,404</u>	<u>4,575,239</u>
Cash at bank and cash in hand		<u>7,343,404</u>	<u>4,575,239</u>



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Notes on pages 7 to 25 are an integral part of these financial statements



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026

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 Limited ("the Holding Company"), which is incorporated in India.

The Company has investment in following subsidiaries and associates:

- a) MSSL Tooling (FZE) - wholly owned subsidiary
- b) Motherson Wiring System (FZE) - wholly owned subsidiary
- c) Motherson Air Travel Pvt. Ltd. - wholly owned subsidiary
- d) Global Environment Management (FZE) - wholly owned subsidiary
- e) Samvardhana Motherson Global FZE - wholly owned subsidiary
- f) Motherson Strategic Systems Mideast FZE - wholly owned subsidiary
- g) Yachiyo India Manufacturing Private Limited - wholly owned subsidiary
- h) Samvardhana Motherson Global Operation FZCO - wholly owned subsidiary
- i) Samvardhana Motherson Electric Vehicles L.L.C - 99% of the issued share capital
- j) MSSL (GB) Limited - 11.29% of the issued share capital



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (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 Company has reported profit after tax of EUR 11,849,568 during the year ended 31 March 2026 (2025: EUR 23,276,883), and as of that date, the Company has accumulated reserves amounting to EUR 159,899,271 (2025: EUR 159,049,703), a net current assets of EUR 111,109,487 (2025: EUR 141,796,429).

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.

2.2 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

2.3 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 2026 (Continued)

2.4 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.

2.5 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.

2.6 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'.

2.7 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 2026 (Continued)

2.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include amounts due from related parties, cash and bank balance and security deposits.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss – The Company has not designated any financial asset as fair value through profit or loss;
- Financial assets at amortised cost (debt instruments) – The Company subsequently measures financial assets at amortised cost using effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognized, modified or impaired;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - The Company has not designated any financial asset at fair value through OCI with recycling of cumulative gains and losses; and
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) - The Company has not designated any financial asset at fair value through OCI with no recycling of cumulative gains and losses upon derecognition.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised costs include amounts due from related parties, cash and bank balance and security deposits. The Company does not have any financial assets within the other categories as stated above.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

Bank balances and cash

Bank balances and cash in the statement of financial position comprise cash at bank and cash on hand, which are subject to an insignificant risk of changes in value.

Amounts due from related parties

Amounts due from related parties are stated at original invoice amount less allowance for expected credit losses. An estimate for expected credit losses is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

When amounts due from related parties are uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are shown as other income in the statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For due from related parties and other receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses at each reporting date.

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the statement of comprehensive income.

The Company considers a financial asset in default when contractual payments are 30-60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, due to related parties, loans from a related party and lease liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Accounts payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Borrowings (Loans from a related party)

After initial recognition, loan from a related party is subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liability is derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Due to related parties

Due to related parties are recognised for amounts to be paid in the future for goods or services received, whether billed by the related party or not.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to / by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

2.9 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liability is disclosed as a separate line-item under current and non-current portions



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

2.10 Share Capital

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

2.11 Trade Payables

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

2.12 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.

2.13 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.

2.14 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.15 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 2026 (Continued)

2.16 Taxes

(i) Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (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 are 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 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 AED and USD to which it is exposed to foreign currency exchange risk. There were no hedging transactions in place as at 31 March, 2026.

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.

(iv) Liquidity risk

The Company has a positive net working capital position as on 31 March 2026 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 Samvardhana Motherson International 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 2026 (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, 2025					
Opening net book value	2,130	555,331	175,043	408,056	1,140,560
Additions	-	301,867	96,344	15,196	413,407
Disposals	-	-	-	(137,450)	(137,450)
Depreciation charge	(475)	(201,979)	(27,655)	(187,558)	(417,667)
Closing net book value	1,655	655,219	243,732	98,244	998,850
At March 31, 2025					
Cost	1,125,204	3,669,527	702,509	902,337	6,399,577
Accumulated depreciation / impairment	(1,123,549)	(3,014,308)	(458,777)	(804,093)	(5,400,727)
Net book value	1,655	655,219	243,732	98,244	998,850
Year ended March 31, 2026					
Opening net book value	1,655	655,219	243,732	98,244	998,850
Additions	-	317,219	131,909	98,759	547,887
Disposals	-	(154,502)	(98,813)	(102,631)	(355,946)
Depreciation on disposal of asset	-	141,321	87,787	102,009	331,117
Depreciation charge	(457)	(169,718)	(107,132)	(61,263)	(338,570)
Closing net book value	1,198	789,539	257,483	135,118	1,183,338
At March 31, 2026					
Cost	1,125,205	3,832,244	736,262	898,464	6,592,175
Accumulated depreciation / impairment	(1,124,007)	(3,042,705)	(478,779)	(763,346)	(5,408,837)
Net book value	1,198	789,539	257,483	135,118	1,183,338

5 Right-to-use assets (IFRS 16)

	Building	Total
	Euro	Euro
Amount as on 1 st April 2024	50,229	50,229
Additions	-	-
Depreciation charge	(15,531)	(15,531)
Closing net book value as on 31st March 2025	34,698	34,698
Amount as on 1 st April 2025	34,698	34,698
Additions	-	-
Sale / adjustments	(170)	(170)
Depreciation charge	(13,630)	(13,630)
Closing net book value as on 31st March 2026	20,898	20,898



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

6 Investments

A Investment in subsidiaries (Unquoted at cost)	As at 31-Mar-26 Euro	As at 31-Mar-25 Euro
a) MSSL Tooling (FZE) 1,500 shares of AED 100 each (Previous year 1,500 shares of AED 100 each)	32,504	32,504
b) Motherson Wiring System (FZE) 1 share of AED 150,000 each (Previous year 1 share of AED 150,000 each)	32,100	32,100
c) Motherson Air Travel Pvt. Ltd. 1 share of AED 2,000 (Previous year 1 share of AED 2,000 each)	2,000	2,000
d) Samvardhana Motherson Global (FZE) 1 share of AED 150,000 each purchased at fair value of AED 3,484,600 (Previous year 1 share of AED 150,000 each)	3,484,600	3,484,600
e) Global Environment Management (FZE) 1 share of AED 150,000 each purchased at fair value of AED 595,000 (Previous year 1 share of AED 150,000 each)	595,000	595,000
f) Motherson Strategic Systems Mideast Ltd. 1,000 shares of AED 100 each (Previous year 1,000 shares of AED 100 each)	25,170	25,170
g) Yachiyo India Manufacturing Pvt. Ltd. 110,000,000 shares of INR 10 each purchased at JPY 4 (Previous year 110,000,000 shares of INR 10 each)	0	0
h) Samvardhana Motherson Global Operation FZCO 1,500 shares of AED 100 each (Previous year nil share)	35,005	-
i) Samvardhana Motherson Electric Vehicles L.L.C	-	-
	<u>4,206,379</u>	<u>4,171,374</u>
B Other Investment		
a) 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
	<u>32,138,922</u>	<u>32,138,922</u>
Total Investment (A+B)	<u>36,345,301</u>	<u>36,310,296</u>

7 Inventories

	As at 31-Mar-26 Euro	As at 31-Mar-25 Euro
Raw materials	9,612,799	14,485,026
Work in progress	1,554,680	1,160,765
Finished goods	2,067,027	277,204
Goods in transit	2,196,455	2,196,637
	<u>15,430,961</u>	<u>18,119,632</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

8 Trade & other receivables

	As at 31-Mar-26 Euro	As at 31-Mar-25 Euro
Non-Current		
Loan to related parties (refer note 10)	95,997,997	74,500,145
Loan to subsidiaries (refer note 10)	26,520,438	-
Other receivable	-	90,649
	<u>122,518,435</u>	<u>74,590,794</u>
Current		
Trade receivables		
- From related parties (refer note 10)	3,682,176	2,562,276
- Others	1,821,702	1,006,079
Loan to related parties (refer note 10)	248,265,542	287,574,313
Loan to subsidiaries (refer note 10)	3,943,137	33,384,842
Interest receivable -related parties (refer note 10)	15,709,287	9,431,317
Interest receivable -subsidiaries (refer note 10)	535,055	1,109,504
Prepayments	711,609	69,336
Other receivables	385,457	4,596,288
	<u>275,053,965</u>	<u>339,733,955</u>

9 Cash and cash equivalents

	As at 31-Mar-26 Euro	As at 31-Mar-25 Euro
Cash in hand	16,177	46,656
Balance with banks	7,327,227	4,528,583
	<u>7,343,404</u>	<u>4,575,239</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (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

A Transactions

	(Amount in Euro)					
	Parent		Subsidiary		Related Parties	
	Year ended 31-Mar-26	Year ended 31-Mar-25	Year ended 31-Mar-26	Year ended 31-Mar-25	Year ended 31-Mar-26	Year ended 31-Mar-25
Sales	170,849	131,875	2,857	17,794	18,242,622	10,689,173
Interest income	-	-	1,631,397	2,281,008	15,321,912	17,825,765
Income from sale of fixed assets	-	-	-	-	-	344,300
Dividend	-	-	-	5,482,952	-	-
Purchase of goods and material	3,370,673	843,533	930	312,576	4,882,551	6,073,303
Purchase of services and others	292,765	245,205	712,276	-	703,148	1,238,193
Interest expenses	6,828,250	3,254,231	1,419,513	1,520,801	508,641	1,326,459
Loans received back	-	-	21,079,340	3,627,570	-	8,575,800
Loans advanced	-	-	-	-	347,154	165,500,000
Loans taken	-	165,000,000	5,000,000	12,000,000	-	4,160,250
Loans repaid	-	-	12,792,430	10,300,950	8,700,000	61,800,000

B Balances

	Parent		Subsidiary		Related Parties	
	Year ended 31-Mar-26	Year ended 31-Mar-25	Year ended 31-Mar-26	Year ended 31-Mar-25	Year ended 31-Mar-26	Year ended 31-Mar-25
Loan receivable - current	-	-	3,943,137	33,384,842	248,265,542	287,574,313
Loan receivable - non-current	-	-	26,520,438	-	95,997,997	74,500,145
Interest receivable	-	-	535,055	1,109,504	15,709,287	9,431,317
Trade receivables	22,184	31,004	92,824	355,504	3,567,168	2,175,768
Loan payables - current	165,000,000	165,000,000	3,549,370	28,077,200	5,000,000	12,860,250
Loan payables - non-current	-	-	12,000,000	-	3,895,650	-
Interest payables	2,691,755	3,254,231	1,185,565	1,530,388	136,386	645,838
Trade payable	240,901	166,907	176,837	40,753	2,268,246	2,803,596

11 Share capital

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



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

13 Retirement benefit obligations

	As at 31-Mar-26	As at 31-Mar-25
	Euro	Euro
Provision for employees' end of service benefits		
At the beginning of the year	442,391	396,385
Charge for the year	200,026	170,366
Payments during the year	(176,754)	(124,360)
At the end of the year	<u>465,663</u>	<u>442,391</u>

14 Borrowings

	As at 31-Mar-26	As at 31-Mar-25
	Euro	Euro
Non-Current		
Long term borrowings - related parties (refer note 10)	3,895,650	-
Long term borrowings - subsidiaries (refer note 10)	12,000,000	-
	<u>15,895,650</u>	<u>-</u>
Current		
Short term borrowings - related parties (refer note 10)	5,000,000	12,860,250
Short term borrowings - parent (refer note 10)	165,000,000	165,000,000
Short term borrowings - subsidiaries (refer note 10)	3,549,370	28,077,200
	<u>173,549,370</u>	<u>205,937,450</u>

15 Lease obligation

	As at 31-Mar-26	As at 31-Mar-25
	Euro	Euro
Finance lease - current (Recog. under IFRS 16)	20,693	19,751
Finance lease - non-current (Recog. under IFRS 16)	-	22,098
	<u>20,693</u>	<u>41,849</u>

16 Trade and other payables

	As at 31-Mar-26	As at 31-Mar-25
	Euro	Euro
Trade payables		
-Related parties (Refer Note 10)	2,685,984	3,548,606
- Others	2,573,639	1,770,454
Accrued expenses	2,740,558	3,700,413
Interest payable to related parties (Refer Note 10)	136,386	645,838
Interest payable to parent (Refer Note 10)	2,691,755	3,254,231
Interest payable to subsidiaries (Refer Note 10)	1,185,565	1,530,388
Corporation tax payable	1,558,002	-
Other liability	246,570	225,266
	<u>13,818,459</u>	<u>14,675,196</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

17 Cost of Sales

	For the year ended 31-Mar-26 Euro	For the year ended 31-Mar-25 Euro
Raw materials consumed	25,065,162	22,656,545
Changes in work-in-progress and finished goods	2,688,671	1,441,070
Employee benefit expense (refer Note 21)	6,335,087	6,694,879
Depreciation	194,066	169,827
Electricity and water	184,844	144,651
Rent	1,117,294	690,280
Tools and stores consumed	519,888	436,441
Legal and professional cost	16,571	17,208
Repair and maintenance	622,545	278,561
Travelling	301,298	93,402
Insurance	143,404	152,026
Other direct expenses	367,848	570,870
	<u>37,523,536</u>	<u>33,345,760</u>

18 Selling and distribution costs

	For the year ended 31-Mar-26 Euro	For the year ended 31-Mar-25 Euro
Employee benefit expense (refer note 21)	187,970	626,783
Freight and transportation	3,464,526	3,016,893
Professional services	1,083,485	755,623
Travelling	34,030	15,625
Others	34,430	28,269
	<u>4,804,441</u>	<u>4,443,193</u>

19 General and administration expenses

	For the year ended 31-Mar-26 Euro	For the year ended 31-Mar-25 Euro
Employee benefit expense (refer note 21)	22,910	10,500
Depreciation	156,379	263,371
Electricity & water	32,619	43,850
Repairs and maintenance	24,861	65,258
Insurance	24,406	28,165
Travelling & conveyance	10,184	205
Legal & professional expenses	632	125,000
Net foreign exchange transaction losses / (gain)	366,498	(175,654)
Other expenses	28,568	34,842
	<u>667,057</u>	<u>395,537</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

20 Other income

	For the year ended 31-Mar-26 Euro	For the year ended 31-Mar-25 Euro
Dividend income	-	5,482,952
Profit on sale of assets	32,107	206,850
	<u>32,107</u>	<u>5,689,802</u>

21 Employee benefit expense

	For the year ended 31-Mar-26 Euro	For the year ended 31-Mar-25 Euro
Salaries and wages	4,740,337	5,767,203
Retirement benefit obligations (refer note 13)	200,025	170,366
Other staff benefits	425,543	240,505
Staff welfare	1,180,062	1,143,588
	<u>6,545,967</u>	<u>7,321,662</u>

Number of employees at 31 March for the Company	830	766
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22 Finance costs

	For the year ended 31-Mar-26 Euro	For the year ended 31-Mar-25 Euro
Borrowing costs related parties (refer note 10)	8,756,404	6,101,491
Interest cost on finance lease (IFRS 16)	3,243	5,562
Bank charges	15,321	26,565
Total finance costs	<u>8,774,968</u>	<u>6,133,618</u>
Interest income on loan - related parties	(16,952,587)	(20,106,772)
Total finance income	<u>(16,952,587)</u>	<u>(20,106,772)</u>
Net finance costs	<u>(8,177,619)</u>	<u>(13,973,154)</u>



MSSL Mideast (FZE)

Notes to the financial statements for the year ended 31 March 2026 (Continued)

23 Income Tax

(i) Corporate Income Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period.

Since the Company operates in a Free Zone, it has conducted an impact assessment for corporate income tax liability for the year ended 31 March 2026 and has identified itself as a Qualifying Free Zone Person. Accordingly, it will benefit from the preferential tax rate of 0% on Qualifying income in accordance with the provisions of Article 18 (read in conjunction with Cabinet Decision No. 100 of 2023 and Ministerial Decision No. 265) and Article 3 of the UAE CT Law.

Management believes that the Company is eligible for Free Zone exemption under the UAE corporate tax law, as it is complying with all the conditions of Free Zone exemption specified in Article 18 of 2023 and its operations align with the exemption criteria established for free zone entities.

Accordingly, the qualifying income of the Company will be subject to 0% Corporate tax rate in the UAE and no current and deferred tax has been accounted for in the current reporting period.

(ii) Qualified Domestic Minimum Top-up Tax ("QDMTT")

The OECD's Pillar Two framework introduces a global minimum tax of 15% applicable to large multinational enterprise groups. In line with this, the United Arab Emirates has enacted the Qualified Domestic Minimum Top-up Tax ("QDMTT"), which is effective for financial years beginning on or after 1 January 2025.

For the financial year ended 31 March 2026, Samvardhana Motherson International Limited and its subsidiaries (the "Group") has performed an assessment of its exposure to Pillar Two taxes based on the applicable rules and guidance issued to date. Based on such assessment, the UAE jurisdiction does not qualify for the transitional safe harbour provisions. Accordingly, the Group has computed the expected top-up tax liability for its UAE operations in accordance with the Pillar Two framework.

The resulting top-up tax liability, as allocated to the Company, is recognised and disclosed under "Income Tax Expense" in the Statement of Profit and Loss for the financial year.

The Group continues to monitor ongoing developments in relation to the Pillar Two legislation, including further administrative guidance and clarifications, and will assess the impact of any such changes.

24 Fair value

The fair value of the company's financial assets and liabilities at 31 March 2026 approximated their net book amounts as reflected in these financial statements.

25 Adoption of Accounts

The accounts were adopted by the Board of Directors in the meeting held on June 19, 2026.



مؤسسة النداء لتدقيق الحسابات

AL NEDAA AUDITING
ACCOUNTANTS

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