

**MOTHERSON ELECTRICAL WIRES LANKA (PRIVATE)
LIMITED**

FINANCIAL STATEMENTS

31 MARCH 2026

CAY/MSS/JJ

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF MOTHERSON ELECTRICAL WIRES LANKA (PRIVATE) LIMITED**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Motherson Electrical Wires Lanka (Private) Limited, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities ("SLFRS for SMEs").

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities ("SLFRS for SMEs"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

07 May 2026
Colombo

Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 USD	2025 USD
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	97,019	124,909
Deferred Tax Asset	17	5,179	-
		<u>102,198</u>	<u>124,909</u>
Current Assets			
Inventories	5	2,534,035	2,676,122
Trade and Other Receivables	6	38,631	59,505
Amounts Due from Related Parties	7	1,786,340	7,768,484
Income Tax Receivables		56,628	47,571
Cash and Cash Equivalents	8	1,234,942	4,638,605
		<u>5,650,576</u>	<u>15,190,286</u>
Total Assets		<u>5,752,774</u>	<u>15,315,195</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital		151,814	151,814
Retained Earnings	9	5,184,257	14,791,603
Total Equity		<u>5,336,071</u>	<u>14,943,417</u>
Non-Current Liabilities			
Employee Defined Benefit Liabilities	10	43,452	34,654
Deferred Tax Liability	17	-	5,230
		<u>43,452</u>	<u>39,884</u>
Current Liabilities			
Trade Payables and Other Payables	11	192,750	248,619
Amounts Due to Related Parties	12	180,502	83,275
Income Tax Payable		-	-
		<u>373,252</u>	<u>331,894</u>
Total Liabilities		<u>416,703</u>	<u>371,778</u>
Total Equity and Liabilities		<u>5,752,774</u>	<u>15,315,195</u>

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

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Head of Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



.....
Director



.....
Director

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.




Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	Notes	2026 USD	2025 USD
Revenue	13	9,875,822	14,628,141
Cost of Sales		(9,025,557)	(12,494,015)
Gross Profit		<u>850,266</u>	<u>2,134,126</u>
Administrative Expenses		(314,516)	(507,100)
Distribution Costs		(81,153)	(72,599)
Operating Profit		<u>454,597</u>	<u>1,554,426</u>
Other Income		8,900	2,438
Finance Income	14	11,481	14,038
Finance Costs	15	(4,991)	(4,277)
Profit before Tax	16	<u>469,988</u>	<u>1,566,625</u>
Income Tax Expense	17	(73,496)	(129,413)
Profit for the year		<u><u>396,492</u></u>	<u><u>1,437,212</u></u>
Other Comprehensive Income			
<i>Other Comprehensive Income not to be Reclassified to Comprehensive Income in Subsequent Periods</i>			
Re-measurement (Loss)/Gain on Employee Defined Benefit Liabilities	10	(4,515)	7,701
Deferred Tax Attributable to Re-measurement of Employee Defined Benefit Liabilities	17	677	(1,156)
Other Comprehensive Income for the year		<u>(3,838)</u>	<u>6,545</u>
Total Comprehensive Income for the year		<u><u>392,654</u></u>	<u><u>1,443,757</u></u>
Basic Earnings per Share	18	0.27	0.99

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	Stated Capital USD	Retained Earnings USD	Total USD
Balance as at 01 April 2024	151,814	18,347,846	18,499,660
Profit for the year	-	1,437,212	1,437,212
Other Comprehensive Income	-	6,545	6,545
Total Comprehensive Income	-	1,443,757	1,443,757
Dividend paid during the year	-	(5,000,000)	(5,000,000)
Balance as at 31 March 2025	<u>151,814</u>	<u>14,791,603</u>	<u>14,943,418</u>
Balance as at 01 April 2025	151,814	14,791,603	14,943,418
Profit for the year	-	396,492	396,492
Other Comprehensive Income	-	(3,838)	(3,838)
Total Comprehensive Income	-	392,654	392,654
Dividend paid during the year	-	(10,000,000)	(10,000,000)
Balance as at 31st March 2026	<u>151,814</u>	<u>5,184,257</u>	<u>5,336,071</u>

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



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Motherson Electrical Wires Lanka (Private) Limited

STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Notes	2026 USD	2025 USD
Operating Activities			
Profit before Tax		469,988	1,566,625
Adjustments for:			
Depreciation of Property, Plant and Equipment	4	34,366	73,044
Gain/ (Loss) on Disposal of Property Plant and Equipment		(8,900)	-
Provision for Obsolete and Slow-moving Inventories	5	24,950	(8,253)
Finance Income	14	(11,481)	(14,038)
Interest Expenses	15	4,991	4,277
Provision for Employee Defined Benefit Liabilities	10	8,050	8,527
Unrealised Exchange Gain		(2,417)	3,883
Operating Profit before Working Capital Changes		<u>519,547</u>	<u>1,634,066</u>
Working Capital Changes:			
Inventories		117,137	(216,619)
Prepayments and Other Receivables		20,874	256,819
Amounts Due from Related Parties		5,982,144	8,253,302
Trade and Other Payables		(55,869)	85,928
Amounts Due to Related Parties		97,227	(35,330)
Cash generated from Operations		<u>6,681,059</u>	<u>9,978,166</u>
Interest paid		(4,991)	(4,277)
Employee Defined Benefit Liabilities paid	10	(1,352)	(2,297)
Income Tax paid		(92,284)	(366,706)
Net Cash flows from Operating Activities		<u>6,582,433</u>	<u>9,604,886</u>
Investing Activities			
Acquisition of Property, Plant and Equipment	4	(39,294)	(36,961)
Sale of Property, Plant and Equipment		41,718	-
Interest received		11,481	14,038
Net Cash flows used in Investing Activities		<u>13,905</u>	<u>(22,923)</u>
Financing Activities			
Dividend paid		(10,000,000)	(50,000,000)
Net Cash flows used in Financing Activities		<u>(10,000,000)</u>	<u>(50,000,000)</u>
Net Increase in Cash and Cash Equivalents		(3,403,663)	4,581,963
Cash and Cash Equivalents at the beginning of the year	8	<u>4,638,605</u>	<u>56,642</u>
Cash and Cash Equivalents at the end of the year	8	<u>1,234,942</u>	<u>4,638,605</u>

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



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1. CORPORATE INFORMATION

1.1 General

Motherson Electrical Wires Lanka (Private) Limited is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and principal place of operations is No. 32 Miles Stone, Pinnalande Estate, Watareka, Padukka.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is manufacturing, fabricating and assembling automobile wires.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent entity is Samvardhana Motherson International Limited, which is incorporated in India.

1.4 Date of Authorization for Issue

The Financial Statements of Motherson Electrical Wires Lanka (Private) Limited for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the Board of Directors on 07 May 2026.



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2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Statement of Compliance

The Financial Statements of the Company comprises the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with accounting policies and notes.

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities (“SLFRS for SMEs”) issued by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 07 of 2007.

The Financial Statements have been prepared on the historical cost basis unless otherwise indicated and presented in US Dollars (USD), which is the Company's functional and presentation currency.

The accounting policies adopted are consistent with those of the previous financial year.

2.2 Going Concern

The Company's management has assessed the current economic conditions prevalent in the Country and its likely impacts on the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

2.3 Foreign Currency

The Financial Statements of the Company are presented in US Dollars. The primary source of income and expenditure of the Company are in US Dollars and hence it is determined that US Dollars as the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.4 Comparative Figures

Certain comparatives figures have been reclassified in order to conform to the presentation for the current period. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

2.5 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation. Subsequent costs are included in the assets carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost can be reliably measured. Other costs are charged to the Statement of Comprehensive Income during the year in which they are incurred.



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Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the Company's assets for the calculation of depreciation are as follows:

Leasehold improvements	5 years
Office equipment	3 years
Plant and equipment	6 to 10 years
Computers	3 years
Motor vehicles	4 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of the fair value less costs to sell and the value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the period the item is derecognised.

The assets residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period end, and adjusted prospectively, if appropriate.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined as follows:

- Raw material are valued at weighted average costs
- Finished goods and work in progress are valued at weighted average costs, which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity
- Goods-in-transits are valued at actual costs

Provision for inventory obsolescence is estimated on a systematic basis and deducted from the gross carrying value of the inventory.

Net realisable value is based on the estimated selling price in the ordinary course of business less any further costs expected to be incurred on completion and disposal.

2.7 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.8 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and at banks, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand and at banks, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management



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2.9 Financial Instruments

2.9.1 Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of Section 11 & 12 are classified as Financial Assets at Fair Value through Profit or Loss, Loans and Receivables, Held-to-Maturity investments cash flow hedge, or Available-for-Sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (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 bank balances and cash and amounts due from related parties.

Subsequent Measurement

The subsequent measurement of financial assets depends on their initial classification and is as described below:

Trade and Other Receivable, Amounts due from related parties and deposits

Trade and other and receivables, amounts due from related parties and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised 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 derecognised 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.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.



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The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income. The assets are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

2.9.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of Section 11 & 12 are classified 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, carried at amortised cost. This includes directly attributable transaction costs.

The Company financial liabilities include trade and other payables and amounts due to related parties.

Subsequent Measurement

After initial recognition, trade and other payables and amounts due to related parties are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (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 in finance costs in the statement of comprehensive income

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income

2.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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. 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. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.



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2.11 Employee Benefits

Employee Defined Benefit Plan – Gratuity

Provision has been made in the financial statements for retirement benefit obligations from the first year of service for all employees in conformity with Sri Lanka Accounting Standard (SLFRS for SME Section 28) – Employee Benefits.

The cost of defined benefit plans is determined internally by the management using the projected unit credit method. Projected valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the yield on high quality corporate bonds denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Employee Contribution Plan – EPF and ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The company contributes the defined percentages of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

2.12 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of other non-current assets, are accounted in the Statement of Comprehensive Income, after deducting the carrying amount from proceeds on disposal of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Interest Income

Interest income is recorded as it accrues using the effective interest method.

Others

Other income is recognized on an accrual basis.



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2.13 Expenditure Recognition

Expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income.

For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that “function of expenses” method presents fairly the elements of the Company’s performance, and hence such presentation method is adopted.

Finance Costs

Finance costs comprise interest expense on bank overdrafts. Interest expense is recorded as it accrues using the effective interest method.

Operating Leases

Operating lease payments are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Others

Other expenses are recognized on an accrual basis.

2.14 Taxation

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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.

Deferred Taxation

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

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

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

- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.



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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in the Statement of Comprehensive Income or Statement of Other Comprehensive Income.

Turnover Based Taxes

Turnover based taxes relate to Value Added Tax. The Company pay such tax in accordance with the respective statute.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become slow moving or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are slow moving or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories of the Company were USD 2,534,035 (2025: USD 2,679,873) with provision for obsolete and slow-moving inventories amounting to USD 24,950 (2025: USD 3,751).

Employee Defined Benefit Plan – Gratuity

Provision has been made in the financial statements for retirement benefit obligations from the first year of service for all employees in conformity with Sri Lanka Accounting Standard (SLFRS for SME Section 28) – Employee Benefits.

The cost of defined benefit plans is determined internally by the management using the projected unit credit method. Projected valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the yield on high quality corporate bonds denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Going Concern

The Company's management has assessed the current economic conditions prevalent in the Country and its likely impacts on the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.



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4. PROPERTY, PLANT AND EQUIPMENT

Gross Carrying Amounts		Balance		Balance
At Cost	As at	As at	Disposal /	As at
	01.04.2025	01.04.2025	Transfers	31.03.2026
	USD	USD	USD	USD
Leasehold Improvements	247,350	-	-	247,350
Office Equipment	90,621	7,501	-	98,122
Plant and Equipment	4,092,979	23,045	(31,706)	4,084,318
Computers	87,240	8,749	-	95,989
Motor Vehicles	21,923	-	-	21,923
Total Value of Depreciable Assets	4,540,113	39,294	(31,706)	4,547,701
In the Course of Construction				
Capital Work-In-Progress	1,112	-	(1,112)	-
	1,112	-	(1,112)	-
Total Gross Carrying Amount	4,541,225	39,294	(32,818)	4,547,701
Accumulated Depreciation		Balance		Balance
At Cost	As at	As at	Charge	As at
	01.04.2025	01.04.2025	for the year	31.03.2026
	USD	USD	USD	USD
Leasehold Improvements	242,961	4,389	-	247,350
Office Equipment	64,382	22,585	-	86,967
Plant and Equipment	4,002,195	35,297	(31,706)	4,005,786
Computers	84,855	3,801	-	88,656
Motor Vehicles	21,923	-	-	21,923
Total Depreciation	4,416,316	66,072	(31,706)	4,450,682
Net Book Value				
			31.03.2026	31.03.2025
			USD	USD
Leasehold Improvements			-	4,389
Office Equipment			11,154	26,239
Plant and Equipment			78,532	90,784
Computers			7,333	2,385
Motor Vehicles			-	-
			97,019	123,797
Capital Work-In-Progress			-	1,112
			-	1,112
			97,019	124,909

4.1 During the period, the Company acquired property, plant and equipment to the aggregate value of USD 39,294 (2025: USD 35,849). Cash/Bank payments amounting to USD 39,294 (2025 : USD 35,849) were made during the period for purchase of property, plant and equipment.



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Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

4. PROPERTY, PLANT AND EQUIPMENT (Contd...)

4.2 Property, plant and equipment includes fully depreciated assets having gross carrying amounts of USD 3,996,078 (2024: USD 3,993,533) and continue to be in use by the Company.

4.3 The building have been constructed on a leasehold land under an operating lease from D.P.S Global (Private) Limited for a period of 5 years commencing from 01 January 2019 and the Company have been renewed the rent agreement with D.P.S. Global (Private) to hold the premises for 2 and half years commencing from 1st January 2024 to 30th June 2026. The Company expensed USD 39,704 per annum as lease rental.

5. INVENTORIES

	2026 USD	2025 USD
Raw Materials	451,858	1,048,569
Work in Progress	1,235,472	920,862
Finished Goods	871,655	707,689
Goods in Transit	-	2,753
	<u>2,558,985</u>	<u>2,679,873</u>
Provision for Obsolete and Slow-moving Inventories	(24,950)	(3,751)
	<u>2,534,035</u>	<u>2,676,122</u>

Movements in the provision for obsolete and slow-moving inventories are as follows:

At 1 April	3,751	12,004
Provided/(Reversal) during the year	21,199	(8,253)
As at 31 March	<u>24,950</u>	<u>3,751</u>

6. PREPAYMENTS AND OTHER RECEIVABLES

	2026 USD	2025 USD
Trade Receivables	16	8
Deposits and Advances	26,527	36,746
Prepayments	3,617	21,946
Other Receivables	8,471	805
	<u>38,631</u>	<u>59,505</u>

7. AMOUNTS DUE FROM RELATED PARTIES

	Relationship	2026 USD	2025 USD
Samvardhana Motherson International Limited	Parent	917,090	-
Kyungshin Industrial Motherson Limited	Affiliate	-	4,953,757
MSSL WH System (Thailand) Co., Ltd	Affiliate	325,674	284,457
Motherson Sumi Electric Wires, Chennai	Affiliate	-	1,942,945
Motherson Sumi Electric Wires, Indore	Affiliate	8,900	-
MSSL MIDEAST (FZE)	Affiliate	534,676	587,325
		<u>1,786,340</u>	<u>7,768,484</u>

Transactions with related parties are disclosed in Note 22



Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows include the following statement of financial position amounts:

Favourable Cash and Cash Equivalent Balances	2026 USD	2025 USD
Cash on Hand	349	186
Bank Balances	1,234,593	226,270
Bank Balances and Cash	<u>1,234,942</u>	<u>226,456</u>
Short-term Deposits	-	4,412,149
	<u>1,234,942</u>	<u>4,638,605</u>
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	<u><u>1,234,942</u></u>	<u><u>4,638,605</u></u>

9. STATED CAPITAL

	2026 Number	2025 Number	2026 USD	2025 USD
Fully Paid Ordinary Shares	<u>1,456,202</u>	<u>1,456,202</u>	<u>151,814</u>	<u>151,814</u>

10. EMPLOYEE DEFINED BENEFIT LIABILITIES

	2026 USD	2025 USD
At the beginning of the year	34,655	32,242
Current Service Cost	4,461	4,125
Interest Cost	3,589	4,402
Actuarial Loss/(Gain)	4,515	(7,701)
Benefits paid	(1,352)	(2,297)
Exchange Gain	(2,417)	3,884
At the end of the year	<u>43,452</u>	<u>34,654</u>

Following principal assumptions were used in determining employee defined benefit liabilities:

	2026	2025
Future salary increases	10.00%	10.00%
Discount rate	10.00%	12.00%



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Motherson Electrical Wires Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

11. TRADE AND OTHER PAYABLES

	2026 USD	2025 USD
Accrued Expenses	145,310	198,089
Trade Payables	15,560	3,952
Other Payables	31,879	46,578
	<u>192,750</u>	<u>248,619</u>

12. AMOUNTS DUE TO RELATED PARTIES

	Relationship	2026 USD	2025 USD
MSSL Mideast (FZE)	Affiliate	78,437	-
Motherson Technology Services Limited	Affiliate	1,986	4,470
Motherson Air Travel Agencies Limited	Affiliate	6,198	-
Motherson Sumi Electric Wires, Noida (" A Division of Motherson Sumi Systems Limited")	Affiliate	16,757	-
MSSL WH System (Thailand) Co., LTD	Affiliate	-	-
Motherson Sumi Electric Wires-chennai	Affiliate	76,818	78,120
Motherson Sumi Systems Limited, GmbH	Affiliate	69	69
Motherson Sumi Electric Wires - Bangalore	Affiliate	-	-
Samvardhana Motherson Global Management Services	Affiliate	237	616
		<u>180,502</u>	<u>83,275</u>

Transactions with related parties are disclosed in Note 23.

13. REVENUE

	2026 USD	2025 USD
Export Sales	9,867,450	14,623,698
Local Sales	8,373	4,443
	<u>9,875,822</u>	<u>14,628,141</u>

14. FINANCE INCOME

	2026 USD	2025 USD
Interest Income from Short Term Deposits	11,481	14,038
	<u>11,481</u>	<u>14,038</u>

15. FINANCE COSTS

	2026 USD	2025 USD
Bank Charges	4,991	4,277
	<u>4,991</u>	<u>4,277</u>



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16. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

	2026	2025
	USD	USD
<i>Included in Cost of Sales:</i>		
Cost of Material Consumed	8,632,122	11,976,445
Employee Benefits including the following;	62,350	71,430
- Employee Defined Benefit Liabilities - Gratuity	5,633	12,410
- Defined Contribution Plan Costs - EPF and ETF	3,937	4,600
Depreciation	56,877	64,828
Royalty	1,130	28,864
<i>Included in Administrative Expenses:</i>		
Employee Benefits including the following;	178,505	184,065
- Employee Defined Benefit Liabilities - Gratuity	10,148	16,379
- Defined Contribution Plan Costs - EPF and ETF	6,954	7,007
Professional Charges	26,545	122,886
Depreciation	8,215	8,216
Auditors Remuneration	3,693	4,776
Legal Fees	43	58
Exchange Loss	2,198	56,017

17. INCOME TAX EXPENSES

17.1 The major components of income tax expense for the year ended 31 March are as follows:

Statement of Comprehensive Income

Current Income Tax

Current Income Tax Expense

Over / Under Adjustment

78,235	244,561
4,993	(104,324)
<u>83,228</u>	<u>140,237</u>

Deferred Income Tax

Deferred Taxation Charge/ (Reversal)

9,732	(10,824)
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Income Tax Expense recognised in Statement of Comprehensive Income

<u>73,496</u>	<u>129,413</u>
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Statement of Other Comprehensive Income

Deferred Tax attributable to re-measurement of Employee Defined Benefit Liabilities

677	1,156
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Deferred Tax (Reversal)/Charge recognised in Statement of Other Comprehensive Income

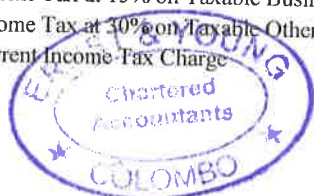
<u>677</u>	<u>1,156</u>
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Income tax rates of 15% has been used for the profits and for the deferred tax.

17.2 Reconciliation between Current Tax Expense and Accounting Profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 March are as follows:

Profit before Tax	469,988	1,566,625
Disallowable Expenses	101,802	85,455
Allowable Expenses	(50,224)	(21,674)
Taxable Business Income	<u>521,566</u>	<u>1,630,406</u>
Interest Income	-	-
Taxable Other Income	-	-
Income Tax at 15% on Taxable Business Income (2026- 15%)	78,235	244,561
Income Tax at 30% on Taxable Other Income (2026 - 30%)	-	-
Current Income Tax Charge	<u>78,235</u>	<u>244,561</u>



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17. INCOME TAX EXPENSE (Contd...)

17.3 Deferred Tax Liability/ (Asset)

	2026 USD	2025 USD
Balance as at 1 April	5,230	14,898
Reversal / (Charge) for the year	(10,409)	(9,668)
Balance as at 31 March	<u>(5,179)</u>	<u>5,230</u>

17.3.1 Deferred Taxes - Origination / (Reversal) of Temporary Differences

	2026 USD	2025 USD
Recognised in Statement of Profit or Loss due to during the year	9,732	(10,824)
Recognised in Other Comprehensive Income during the year transactions	677	1,156
Recognised in Other Comprehensive Income due to (increase)/ decrease in	-	-
	<u>10,409</u>	<u>(9,668)</u>

Deferred taxes of the Company is computed at the rate of 15% (2024 - 15%).

17.3.2 Types of Temporary Differences and the related Tax Effect

	2026		2025	
	Temporary USD	Tax Effect USD	Temporary USD	Tax Effect USD
Property, Plant and Equipment	(33,874)	(5,081)	(69,523)	(10,428)
Retirement Benefit Obligation	43,452	6,518	34,654	5,198
Provision for obsolete and slow moving inventories	24,950	3,743	-	-
	<u>34,528</u>	<u>5,179</u>	<u>(34,869)</u>	<u>(5,230)</u>

18. EARNINGS PER SHARE

Basic Earnings per Share

Basic earning per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2026 USD	2025 USD
Amount used as the Numerator:		
Profit for the year attributable to ordinary shareholders of the Company	396,492	1,437,212
Number of Ordinary Shares used as the Denominator:		
Weighted average number of ordinary shares	1,456,202	1,456,202
Basic Earnings per Share	0.27	0.99

19. CONTINGENCIES AND COMMITMENTS

There were no material contingent liabilities outstanding at the reporting date.

As at reporting date, the Company has following operating lease and other commitments.

The Company has an annual commitment of USD 3,538.46 as ground rent to the Board of Investment of Sri Lanka.

The Company has to pay 1.5% royalty charge to Sumitomo Wiring Systems Limited calculated on specified sales less cost of material applicable to such sales.



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20. ASSETS PLEDGED

There were no assets pledged as at the reporting date. Bank Overdrafts are secured over Plant & Machinery and Debtors.

21. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

22. RELATED PARTY DISCLOSURES

Related parties represent the shareholders and key management personnel of the Company and entities controlled or jointly controlled by such parties. Pricing policies and terms of transactions with these related parties are approved by the Company's management.

ugh 2) Related Party Transactions

Transactions with related parties are as follows:

Related Party	Relationship	Nature of Transaction	Transaction Value	
			2026 USD	2025 USD
Samvardhana Motherson International Limited (Motherson Sumi Electric Wires, Kanchipuram ("A Division of Motherson Sumi Systems Limited"))	Parent	Sales of PVC Insulated Wires	4,494,388	1,942,945
Kyungshin Industrial Motherson Limited	Affiliate	Sales of PVC Insulated Wires	-	15,315,557
MSSL WH System (Thailand) Co., Ltd	Affiliate	Sales of PVC Insulated Wires	2,327,410	380,057
Motherson Sumi Electric Wires	Affiliate	Sales of PVC Insulated Wires	-	-
MSSL MIDEAST (FZE)	Affiliate	Sales of PVC Insulated Wires	2,813,886	587,325
Motherson Lumen (Thailand) Limited	Affiliate	Sales of PVC Insulated Wires	231,766	-
Motherson Sumi Electric Wires, Indore	Affiliate	Sale of Assets	8,900	-
Samvardhana Motherson International Limited (Motherson Sumi Electric Wires, Kanchipuram ("A Division of Motherson Sumi Systems Limited"))	Parent	Purchase of Spools	(141,772)	-
Motherson Sumi Electric Wires, Chennai ("A Division of Motherson Sumi Systems Limited")	Affiliate	Purchases of Raw Materials	(210,447)	(921,371)
MSSL MIDEAST (FZE)	Affiliate	Purchase of Spools	(60,274)	(26,810)
Sumitomo Wiring Systems Limited, Japan	Affiliate	Royalty Expense	(1,130)	(26,510)
Motherson Air Travel Agencies Limited	Affiliate	Air Ticket Charges	(1,737)	(12,476)
Motherson Sumi Electric Wires, Noida ("Division of Motherson Sumi Systems Limited")	Affiliate	Purchase of Spare Parts & Misc Expense	(90,305)	(108,814)
Edcol Global Pte. Limited	Affiliate	Purchase of Spare Parts	-	(551)
Motherson Sumi Electrical Wires, Bangalore ("Division of Motherson Sumi Systems Limited")	Affiliate	Purchase of Spare Parts	-	(224)
MSSL WH System (Thailand) Co. Ltd	Affiliate	Purchase of Spools	(35,831)	(27,600)
Motherson Technology services Ltd	Affiliate	Maintenance Support Fee	(17,930)	(12,339)
Samvardhana Motherson Global Management Services	Affiliate	Insurance Advisory Professional Expense	(237)	(1,156)

Amounts due from and due to related parties are disclosed in Notes 7 and 12, respectively.

The Company has not recorded any impairment of receivables relating to amounts due from related parties as at 31 March 2026 (2025: Nil). This assessment is undertaken in each financial period through examining the financial position of the related party and the market in which the related party operates.

Transaction with Key Management Personnel

Key Management Personnel include the Board of Directors of the Company.

No Material transactions have taken place during the year with the key management personnel of the Company.

No material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control or jointly control, which require disclosure in these financial statements other than those disclosed above.



MOTHERSON ELECTRICAL WIRES LANKA (PRIVATE) LIMITED

**DETAILED EXPENDITURE STATEMENT
YEAR ENDED 31 MARCH 2026**

Motherson Electrical Wires Lanka (Private) Limited

DETAILED EXPENDITURE STATEMENT

Year ended 31 March 2026

STATEMENT II

ADMINISTRATIVE EXPENSES

	2026 USD	2025 USD
Salary	73,675	71,461
EPF and ETF	6,954	7,007
Bonus and Other Allowances	70,014	65,125
Staff Welfare	24,114	36,982
Medical Expenses	286	47
Staff Rent	3,462	3,443
Professional Charges	26,545	122,886
Exchange Loss	2,198	56,017
Computer Maintenance and Software Charges	18,556	14,066
Depreciation	9,193	8,216
Security Charges	18,417	20,690
Vehicle Hire Charges	9,231	12,852
Foreign & Inland Travelling	5,943	14,296
Insurance	21,767	24,806
Repair and Maintenance	2,559	19,176
Audit Fee	3,693	4,776
Telephone Charges	4,648	4,618
Office Expenses	2,413	3,004
Vehicle Repair and Fuel	4,074	4,200
Printing and Stationery	2,069	1,576
Postage and Courier	1,500	3,235
Legal Fee	43	58
Other Sundry Expenses	2,455	8,357
Recruitment Expenses	240	206
Excess / Short Recovery	468	-
	<u>314,516</u>	<u>507,100</u>

STATEMENT III

DISTRIBUTION COST

	2026 USD	2025 USD
Freight and Forwarding	21,090	36,081
Packing Expenses	60,063	36,518
	<u>81,153</u>	<u>72,599</u>



Motherson Electrical Wires Lanka (Private) Limited

DETAILED EXPENDITURE STATEMENT

Year ended 31 March 2026

STATEMENT I

COST OF SALES

	2026 USD	2025 USD
Cost of Material Consumed	8,632,122	11,976,445
Overhead Expenses		
Salary	40,562	43,904
EPF and ETF	3,937	4,600
Gratuity	5,633	12,410
Bonus and Other Allowances	4,616	4,086
Overtime Expenses	7,603	6,430
Electricity Expenses	84,397	121,102
Depreciation	56,877	64,828
Repair and Maintenance	88,739	108,365
Consumable Stores	51,438	79,589
Factory Rent	39,704	40,714
Royalty	1,130	28,864
Other Expenses (Testing & Others)	2,734	2,679
Rates	6,066	-
	<u>393,435</u>	<u>517,570</u>
	<u>9,025,557</u>	<u>12,494,015</u>

