

MRF LANKA (PVT) LIMITED

FOR THE YEAR ENDED 31ST MARCH, 2024



Private & Confidential

INDEPENDENT AUDITOR'S REPORT**TO THE SHAREHOLDERS OF MRF LANKA (PVT) LTD****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of MRF Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31st March 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2024, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 for Professional Accountants 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.

Other Matter

The Company has transitioned its financial reporting framework from Sri Lanka Accounting Standards for Small & Medium Sized Entities (SLFRS for SMEs) to Sri Lanka Accounting Standards (SLFRS). Consequently, in accordance with Sri Lanka Accounting Standard SLFRS 1 First-time Adoption of Sri Lanka Accounting Standards, the comparative information of financial statement as at 31st March 2023 has been restated to align with the new reporting framework.

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 Standards 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.

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 an assurance of a high level, but 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 it appears from our examination, proper accounting records have been kept by the Company.



B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date.. 25th/04/2024
(LW/ST/ca)



MRF LANKA (PVT) LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31ST MARCH

	<i>Note</i>	2024 <i>Rs. Cts.</i>	2023 <i>Rs. Restated</i>
Revenue	(5)	470,797,945.32	546,514,105
Cost of Sales		<u>(373,937,615.44)</u>	<u>(476,963,986)</u>
Profit from Operations		96,860,329.88	69,550,120
Other Operating Income		17,983,035.81	17,348,312
Administration Expenses		<u>(48,010,702.72)</u>	<u>(41,045,308)</u>
Profit from Operating Activities	(6)	66,832,662.97	45,853,123
Finance Income	(7)	60,181,097.00	44,674,477
Finance Costs	(8)	<u>3,154,635.97</u>	<u>14,107,713</u>
Profit before Taxation		130,168,395.95	104,635,313
Income Tax Expense	(9)	<u>(40,062,417.58)</u>	<u>(21,091,464)</u>
Profit for the Year		90,105,978.36	83,543,849
<u>Other Comprehensive Income</u>			
<u>Items that will not be reclassified to Profit or Loss</u>			
Surplus from Valuation of Defined Benefit Plans	(19.3)	141,825.98	847,298
Deferred Tax Impact on Surplus of Defined Benefit Plan	(13)	(42,547.79)	(254,190)
Other Comprehensive Income for the Year		<u>99,278.19</u>	<u>593,109</u>
Total Comprehensive Income for the Year		<u>90,205,256.55</u>	<u>84,136,958</u>
Basic Earnings Per Share	(10)	<u>2.64</u>	<u>2</u>

The Notes to the Financial Statements in pages (05) to (37) form an integral part of these Financial Statements.



MRF LANKA (PVT) LIMITED**STATEMENT OF FINANCIAL POSITION**
AS AT 31ST MARCH

	<i>Note</i>	2024	2023	2022
		Rs. Cts.	Rs.	Rs.
			<i>Restated</i>	<i>Restated</i>
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	(11)	22,388,007.62	25,213,461	28,914,992
Right of Use Assets	(12.1)	3,874,694.81	3,998,355	4,122,016
Deferred Tax Assets	(13)	-	-	2,661,598
Total Non Current Assets		<u>26,262,702.43</u>	<u>29,211,816</u>	<u>35,698,606</u>
<u>Current Assets</u>				
Inventories	(14)	143,579,384.78	236,662,456	118,143,844
Trade and Other Receivables	(15)	116,702,530.91	106,202,202	56,504,504
Short Term Investments	(16)	551,321,411.28	474,484,031	537,483,802
Cash and Cash Equivalents	(17)	47,596,254.55	31,084,796	9,093,048
Total Current Assets		<u>859,199,581.52</u>	<u>848,433,485</u>	<u>721,225,198</u>
Total Assets		<u>885,462,283.95</u>	<u>877,645,301</u>	<u>756,923,804</u>
<u>EQUITY AND LIABILITIES</u>				
<u>Capital and Reserves</u>				
Stated Capital	(18)	341,603,240.00	341,603,240	341,603,240
Reserves		<u>483,582,289.57</u>	<u>393,377,033</u>	<u>309,240,075</u>
Total Equity		<u>825,185,529.57</u>	<u>734,980,273</u>	<u>650,843,315</u>
<u>Non-Current Liabilities</u>				
Retirement Benefit Obligations	(19)	8,628,981.00	9,289,193	9,031,553
Lease Liability	(12.2)	3,341,302.61	3,365,144	4,122,016
Deferred Tax Liabilities	(13)	2,803,787.95	2,011,033	-
Total Non Current Liabilities		<u>14,774,071.55</u>	<u>14,665,371</u>	<u>13,153,569</u>
<u>Current Liabilities</u>				
Trade and Other Payables	(20)	28,326,766.45	9,108,775	69,465,189
Lease Liability	(12.2)	330,987.49	801,292	-
Amounts Due to Related Parties	(21)	4,270,000.00	112,322,100	23,441,600
Income Tax Liability	(22)	12,574,928.89	5,767,490	20,131
Total Current Liabilities		<u>45,502,682.83</u>	<u>127,999,657</u>	<u>92,926,920</u>
Total Equity and Liabilities		<u>885,462,283.95</u>	<u>877,645,301</u>	<u>756,923,804</u>

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

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Accountant

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

NAME
DIRECTOR Arun Mammen

DATE OF APPROVAL
BY THE BOARD25th. Apr. 2024....

SIGNATURE

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The Notes to the Financial Statements in pages (05) to (37) form an integral part of these Financial Statements.

MRF LANKA (PVT) LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31ST MARCH, 2024

	<i>Stated Capital Rs.</i>	<i>Reserves Accumulated Profit Rs.</i>	<i>Total Rs.</i>
Balance as at 01st April, 2021	341,603,240	268,713,777	610,317,017
Profit for the Year 2021/22	-	40,526,298	40,526,298
Restated balance as at 01st April 2022	341,603,240	309,240,075	650,843,315
Profit for the Year 2022/23	-	83,543,849	83,543,849
<u>Other Comprehensive Income / (Loss)</u>			
(Deficit)/Surplus on retirement benefit obligations	-	847,298	847,298
Deferred Tax Impact on Defined Benefit Plan (Deficit)/Surplu	-	(254,190)	(254,190)
Restated balance as at 31st March 2023	341,603,240	393,377,033	734,980,273
Profit for the Year 2023/24	-	90,105,978	90,105,978
<u>Other Comprehensive Income / (Loss)</u>			
(Deficit)/Surplus on retirement benefit obligations	-	141,826	141,826
Deferred Tax Impact on Defined Benefit Plan (Deficit)/Surplu	-	(42,548)	(42,548)
Balance as at 31st March 2024	341,603,240	483,582,290	825,185,530

The Notes to the Financial Statements in pages (05) to (37) form an integral part of these Financial Statements.



MRF LANKA (PVT) LIMITED**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31ST MARCH,

	<i>Note</i>	<i>2024</i> <i>Rs.</i>	<i>2023</i> <i>Rs.</i> <i>Restated</i>
<u>Cash Flows from/(used in) Operating Activities</u>			
Profit/(Loss) Before Income Tax Expenses		130,168,396	104,635,313
<u>Adjustments for :</u>			
Depreciation	(11)	3,239,199	3,738,531
Finance Costs	(8)	2,469,649	2,069,556
Amortization of RoUA	(12.1)	123,660	123,660
Interest On Lease	(8)	477,890	490,820
Provision for Retirement Benefit Obligations	(19)	1,505,220	1,549,195
Operating Profit / (Loss) before Working Capital Changes		137,984,013	112,607,075
<u>Changes in Working Capital</u>			
(Increase)/ Decrease in Inventories	(14)	93,083,071	(118,518,612)
(Increase)/ Decrease in Trade & Other Receivables	(15)	(10,500,330)	(49,697,698)
(Increase)/ Decrease in Amounts Due from Related Parties	(21)	(108,052,100)	88,880,500
Increase/ (Decrease) in Trade & Other Payables	(20)	19,217,991	(60,356,414)
Cash Generated from/(Used in) Operating Activities		131,732,646	(27,085,148)
Defined Benefit Plan Costs Paid	(19)	(2,023,606)	(444,257)
Finance Costs Paid	(8)	(2,469,649)	(2,069,556)
Income Tax Paid	(13)	(32,504,772)	(10,925,663)
Net Cash Generated from / (Used in) Operating Activities		94,734,619	(40,524,624)
<u>Cash Flows from/(used in) Investing Activities</u>			
Acquisition of Property, Plant & Equipment	(11)	(413,745)	(37,000)
Net Cash Generated from / (Used in) Investing Activities		(413,745)	(37,000)
<u>Cash Generated from/(Used in) Financing Activities</u>			
Repayment of Lease rentals	(12.1)	(972,036)	(446,400)
Net Cash Generated from/(Used in) Financing Activities		(972,036)	(446,400)
Net Increase/ Decrease in Cash and Cash Equivalents		93,348,839	(41,008,024)
Cash and Cash Equivalents at the Beginning of the Year		505,568,827	546,576,851
Cash and Cash Equivalents at the End of the Year		598,917,666	505,568,827
<u>Analysis of Cash and Cash Equivalents</u>			
Cash at Bank	(17)	47,566,835	31,035,361
Fixed Deposit	(16)	551,321,411	474,484,031
Cash in Hand	(17)	29,420	49,435
Cash and Cash Equivalents at the End of the Year		598,917,666	505,568,827

The notes to the Financial Statements in pages (05) to (37) form an integral part of these Financial Statements.

Figures in brackets indicate deductions.



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****1. CORPORATE INFORMATION****1.1. General Information**

MRF Lanka (Pvt) Ltd is a Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principle place of business are located at No. 1, Dankotuwa Industrial Estate, Dankotuwa.

1.2. Principal Activities & Nature of Operations

The Company's principal business activities are manufacturing & selling of Pre-cured Tread Rubber, PCTR Ropes and Trading within Rubber Bonding Gum etc.

The Accounting Policies and Notes to the Financial Statements on pages (05) to (37) form an integral part of the Financial Statements.

1.3. Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate and ultimate parent undertaking as at 31st March 2024 is MRF Limited which has been incorporated in India.

1.4. Date of Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 25th April 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1. Statement of Compliance**

The statement of financial position, statements of comprehensive income, changes in equity and statement of cash flows, together with accounting policies and notes ("Financial Statements") of MRF Lanka (Pvt) Ltd as at 31st March 2024 and for the year then ended, comply with the Sri Lanka Accounting Standards (*hereinafter referred to as SLFRS/LKAS*) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

For all period up to and including the year ended 31st March 2023, the Company prepared its financial statements in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) effective up to 01st April 2022.

These financial statements for the year ended 31st March 2024 are the first set of financial statements prepared by the Company in accordance with SLFRS/LKAS

Cont'd...(06)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****Statement of Compliance (Contd...)**

The Company has consistently applied the accounting policies used in the preparation of its opening SLFRS statements of financial position at 31st March 2022 through all periods presented, as if these policies had always been in effect.

Note 5 discloses the impact of the transition to SLFRS/LKAS on the Company's reported financial position including the nature and effect of significant change in accounting policies from those used in Company's financial statements for the year ended 31st March 2022, prepared under SLFRS for SMEs.

2.2. Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost basis except for recognition of impairment losses, if any.

2.3. Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

2.4. Responsibility for the financial Statements

Directors acknowledge the responsibility for true and fair presentation of the Financial Statements in accordance with the books of accounts, Sri Lanka Accounting Standards and requirements of the Companies Act No. 07 of 2007.

2.5. Critical Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the period of revision and future periods, only if the revision affects both current and future periods.

The estimates and assumptions that hold a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Cont'd...(07)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****2.5.1. Income Taxes**

The Company is subject to income taxes and a significant judgement is required in determining the overall provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

2.5.2. Estimated Useful Lives of Property, Plant and Equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

2.5.3. Provision for Impairment

The Company assesses at the end of the reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

2.5.4. Applicability of Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1. Foreign Currency Translation**

The financial statements are prepared in Sri Lankan Rupees, which is the Company's functional currency and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency at the rate of exchange ruling as 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 a foreign currency are translated using the exchange rate as at the dates of initial transactions.

Cont'd...(08)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2024**3.2. Events after the Reporting Period**

All material events after the reporting period are considered, and where necessary adjustments are made or disclosed in the financial statements.

3.3. Valuation of Assets and their Bases of Measurement**3.3.1. Property, Plant and Equipment****3.3.1.1. Recognition and Measurement**

All items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of assets includes expenditure that is directly attributable to the acquisition of the items.

Items of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognized.

3.3.1.2. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

3.3.1.3. Cost of Valuation

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives.

Depreciation is calculated by using a written down value method on cost for Buildings, Plant, Machinery and Equipment, Lab equipment, fire extinguishers, molds & dies and electrical equipment in order to write off such amounts over the following estimated useful lives. Straight-line basis is used for furniture and fittings, office equipment and computers. The principal annual rates used are,

Cont'd...(09)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2024**Cost of Valuation (Contd...)**

The principal annual depreciation rates used for this purpose are:

Nature of the Assets	%
Buildings	10.00%
Plant, Machinery & Equipment	27.82%
Furniture and Fittings	20.00%
Office Equipment	20.00%
Lab Equipment	13.91%
Computers	20.00%
Other Equipment (Fire Extinguishers & Electrical Equipment)	13.91%
Moulds & Dies	40.00%

3.3.1.4. Leases

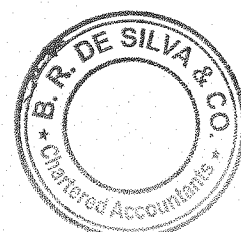
The company has assessed whether a contract is or contains a lease, at inception of the contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (*defined as leases with a lease term of 12 months or less*) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

Cont'd...(10)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2024**Leases (Contd...)**

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the statement of financial position.
- The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right of-use asset) whenever:

The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

3.3.1.5. Impairment of Non-financial Assets

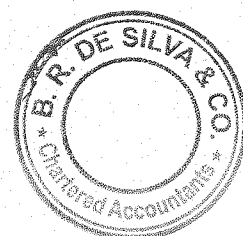
The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.3.2. Financial Instruments**Initial Recognition and Measurement**

All financial assets are initially recognized on the date that the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Cont'd...(11)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2024**Financial Instruments (Contd...)****a) Classification and Subsequent Measurement**

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortized cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for loss allowance of trade receivables which is presented within administrative expenses. The Company only has financial instruments categorized as amortized cost.

b) Financial assets at Amortised Cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company's financial assets at amortized cost consist following,

1. Trade and other receivables.
2. Cash and Cash equivalents

Cont'd...(12)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2024**Financial assets at Amortized Cost (Contd...)****Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment – Trade and other receivable and Financial Assets

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis and they possess shared credit risk characteristics as they have been Computed based on the days past due. As SLFRS 9 requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, the Company has applied the same approach for its trade receivables.

3.4. LIABILITIES AND PROVISIONS**3.4.1. Financial Liabilities**

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

Cont'd...(13)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****3.4.2. Employee Benefits****3.4.2.1. Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund.**

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with relevant statute and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.4.2.2. Defined Benefit Plan - Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The liability is neither externally funded nor actuarially valued.

Company has used following assumptions in arriving its retirement benefit liability.

Discount Rate	12.28%
Annual Salary Increment Rate	8.87%
Staff Retirement Age	60 years

The Company recognizes all actuarial gains and losses / re measurement component arising from defined benefit plans immediately in other comprehensive income. The obligation is not externally funded

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

3.4.3. Capital Commitments & Contingencies

All material contingent liabilities and capital commitments have been considered and where necessary adjustments will be made or disclosed in these financial statements.

Cont'd...(14)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****3.5. TAXATION**

Income Tax comprises current and deferred taxes. Income Tax expense is recognized in the Income Statement except to the extent that it relates to items recognized directly in equity in which case it is recognized in Equity.

3.5.1. Current Taxes

The provision for Income Tax is based on the elements of Income and Expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act. No.24 of 2017 and subsequent amendments thereon.

3.5.2. Deferred Tax

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for all temporary differences and carried forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which such temporary differences and carried forward tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6. Statement Of Comprehensive Income**3.6.1. Revenue Recognition****3.6.1.1. Revenue From Contract with Customers**

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Cont'd...(15)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****Revenue Recognition (Contd...)*****Step 1 Identify the contract(s) with a customer:***

A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract:

A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3 Determine the transaction price:

Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract:

For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation:

Accordingly, the revenue from contract with customers of the Company are accounted as follows

3.6.1.2. Interest Income

Interest income is recognized on an accrual Basis.

3.6.1.3. Other Gains and Losses

Net gains and losses of a revenue nature arising from disposal of plant and equipment and other non-current assets are accounted for in the statement of comprehensive income after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

3.6.1.4. Others Income.

Other income is recognized on an accrual basis.

Cont'd...(16)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2024****3.6.2. Expenditure****3.6.2.1. Expenditure Recognition**

Expenditure is recognized in the Income Statement 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 income in arriving at the profit for the year.

3.7. Statement of cash flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - (LKAS 7) "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.8. Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous year in the Financial Statements in order to enhance the understanding of the current year's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended where relevant, for better presentation and to be comparable with those of the current year.

The Company premeasured and adjusted certain financial statement line items as disclosed in Note 5 on adoption of SLFRS/LKAS for the first time during the year and Comparative figures have been re classified where necessary in line with the presentation requirements.



MRF LANKA (PVT) LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH****(4) First-time adoption of SLFRS/LKAS**

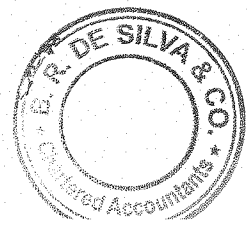
(4.1) These financial statements, for the year ended 31st March 2024, are the first set of financial statements, the Company has prepared in accordance with SLFRS/LKAS. For the year up to and including the year ended 31st March, 2023, the Company prepared its financial statements in accordance with SLFRS for SMEs.

Accordingly, the Company has prepared financial statements which comply with SLFRS/LKAS applicable for the year ended on 31st March 2024, together with the comparative year data as at and for the year ended 31st March 2023, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 01st April 2022, the Company's date of transition to SLFRS/LKAS.

This note explains the principal adjustments made by the Company in restating its SLFRS for SME's statement of financial position as at 01st April 2022 and its previously published SLFRS for SMEs financial statements as at and for the year ended 31st March 2023.

(4.2) Reconciliation of statement of comprehensive income for the years ended 31st March 2023 & 31st March 2022

	Note	For the year ended 31st March 2023			For the year ended 31st March 2022		
		SLFRS for SMEs		Re-measurements / Re-classifications	SLFRS for SMEs		SLFRS/ LKAS
		Rs.	Rs.		Rs.	Rs.	Rs.
Revenue		546,514,105	-	-	325,558,781	-	325,558,781
Cost of Sales		(476,963,986)	-	-	(289,794,000)	-	(289,794,000)
Profit from Operations		69,550,120	-	-	35,764,781	-	35,764,781
Other Operating Income		17,348,312	-	-	4,343,359	-	4,343,359
Administration Expenses	(A)/(D)	(40,520,749)	(524,559)	(524,559)	(30,436,024)	-	(30,436,024)
Profit from Operating Activities		46,377,682	(524,559)	(524,559)	9,672,116	-	9,672,116
Finance Income		44,674,477	-	-	20,634,519	-	20,634,519
Finance Costs		14,598,533	(490,820)	(490,820)	9,790,077	-	9,790,077
Profit before Taxation		105,650,692	(1,015,379)	(1,015,379)	40,096,711	-	40,096,711
Income Tax Expense	(B)/(C)	(21,396,077)	304,614	304,614	429,587	-	429,587
Profit/ (Loss) for the Year		84,254,615	(710,765)	(710,765)	40,526,298	-	40,526,298
<i>Items that will not be reclassified to Profit or Loss</i>							
Actuarial Gain/ (Loss) from Valuation of Defined Benefit Plans	(D)	-	847,298	847,298	-	-	-
Deferred Tax Impact on Defined Benefit Plan Actuarial (Gain)/ Loss	(C)	-	(254,190)	(254,190)	-	-	-
Other Comprehensive Income for the Year		-	593,109	593,109	-	-	-
Total Comprehensive Income/ (Loss) for the Year		84,254,615	(117,657)	(117,657)	40,526,298	-	40,526,298



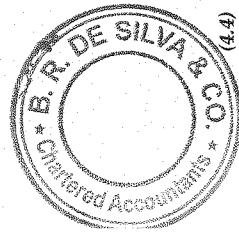
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH

(4.3) Reconciliation of Equity as at 01st April 2022 (Date of transition to SLFRS/LKAS) and 31st March 2023

	Note	As at 31st March 2023		As at 1st April 2022	
		Re-measurements		Re-measurements	
		SLFRS for SMEs	SLFRS/LKAS	SLFRS for SMEs	SLFRS/LKAS
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment		25,213,461	25,213,461	28,914,992	28,914,992
Right of Use Assets	(A)	-	3,998,355	-	4,122,016
Deferred Tax Assets	(B)/(C)	-	-	2,661,598	2,661,598
		25,213,461	29,211,817	31,576,590	35,698,606
Current Assets					
Inventories		236,662,456	-	118,143,844	118,143,844
Debtors and Receivables		106,202,202	-	56,504,504	56,504,504
Short Term Investments		474,484,031	-	537,483,802	537,483,802
Cash and Cash Equivalents		31,084,796	-	9,093,048	9,093,048
		848,433,484	-	721,225,198	721,225,198
Total Assets		873,646,946	3,998,355	752,801,788	756,923,804
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital		341,603,240	-	341,603,240	341,603,240
Retained Earnings	(A)/(B)/(C)	393,494,689	(117,657)	309,240,075	309,240,075
Total Equity		735,097,929	(117,657)	650,843,315	650,843,315
Non-Current Liabilities					
Retirement Benefit Obligations		9,289,193	-	9,031,553	9,031,553
Lease liability	(A)	-	3,365,144	-	3,702,996
Deferred Tax Liabilities	(A)/(B)	2,061,458	(50,425)	-	-
		11,350,651	3,314,719	9,031,553	12,734,549
Current Liabilities					
Trade and Other Payables		9,108,775	-	69,465,189	69,465,189
Lease Liability	(A)	-	801,292	-	419,020
Amounts Due to Related Parties		112,322,100	-	23,441,600	23,441,600
Income Tax Payable		5,767,490	-	20,131	20,131
		127,198,365	801,292	92,926,920	93,345,940
Total Equity and Liabilities		873,646,946	3,998,355	752,801,788	756,923,804

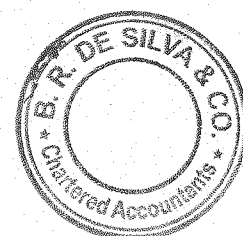
(4.4) Notes to the reconciliation of Equity and Statement of Comprehensive Income

- (A) The Company's leasehold assets have been re-measured and re-classified as per requirements SLFRS 16
- (B) The Company re-stated deferred tax liability as given in the above Note due to the adjustment arising from the application of SLFRS 16 for the company's leasehold assets
- (C) Reclassified the deferred tax liability arising on deficit/(surplus) from Valuation of Defined Benefit Plans.
- (D) The Company Reclassified the deficit/(surplus) arising from valuation of Defined Benefit Plans.



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH

	2024	2023
	Rs. Cts.	Rs. <i>Restated</i>
(5) <u>REVENUE</u>		
Sales - Local	427,704,663.52	460,132,460
Sales - Export	43,424,781.80	87,347,582
	<u>471,129,445.32</u>	<u>547,480,042</u>
<i>Less : Export Expenses</i>		
Sea Freight	-	(358,530)
Shipping Expenses	(331,500.00)	(607,407)
	<u>470,797,945.32</u>	<u>546,514,105</u>
(6) <u>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</u>		
Profit/(Loss) from operating activities before taxation is stated after charging all expenses including the following.		
Auditors' Remuneration	250,000.00	225,000
Factory (Salaries, EPF/ETF, Other Allowances)	8,075,159.00	7,615,417
Office (Salaries, EPF/ETF, Other Allowances)	14,716,584.80	13,625,750
Masticating Charges	18,771,950.63	19,499,835
Depreciation	3,239,198.73	3,738,531
(7) <u>FINANCE INCOME</u>		
Interest Income - Fixed Deposits	60,181,097.00	44,674,477
	<u>60,181,097.00</u>	<u>44,674,477</u>



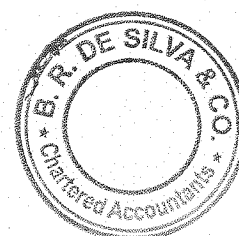
MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH

	2024	2023
	Rs. Cts.	Rs. Restated
(8) <u>FINANCE COSTS</u>		
Bank Charges	2,469,648.50	2,069,556
Lease Interest	477,890.27	490,820
Exchange Difference Fluctuations Exports	1,061,598.06	(1,541,018)
Exchange Difference Fluctuation Imports	(8,716,401.24)	5,645,535
Exchange Fluctuations - Transfers	1,552,628.44	(20,772,606)
	<u>(3,154,635.97)</u>	<u>(14,107,713)</u>
(9) <u>INCOME TAX EXPENSE</u>		
Income Tax Provision for the Year	39,312,210.89	16,673,022
Deferred Tax Provision for the Year	(12) 750,206.70	4,418,441
	<u>40,062,417.58</u>	<u>21,091,464</u>

(10) EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the net Profit for the year attributable to ordinary shareholders by the number of Ordinary Shares outstanding during the year.

	2024	2023
		Restated
Net Profit attributable to Ordinary Shareholders	90,105,978.36	83,543,849
Weighted Average Number of Shares outstanding during the Year	34,160,324.00	34,160,324
Earnings per Share (Rs.)	<u>2.64</u>	<u>2</u>



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH****(11) PROPERTY, PLANT & EQUIPMENT**

(11.1)	Description of Assets	Opening Balance as at 01.04.2023 Rs.	Additions / Transfers from during the year Rs.	(Disposals) / (Transfers to) during the year Rs.	Closing Balance as at 31.03.2024 Rs.
	Cost				
	Building	64,992,470	-	-	64,992,470
	Plant & Machinery	94,991,272	383,845	-	95,375,117
	Lab Equipment	2,649,535	-	-	2,649,535
	Electrical Equipment	58,405	-	-	58,405
	Furniture & Fittings	3,311,589	-	-	3,311,589
	Office Equipment	1,991,001	-	-	1,991,001
	Computer & Printers	1,588,229	29,900	-	1,618,129
	Moulds & Dies	36,129,372	-	-	36,129,372
	Leasehold Property - Land	637,993	-	-	637,993
	Total	206,349,866	413,745	-	206,763,611

(11.2) Depreciation

Description of Assets	Opening Balance as at 01.04.2023 Rs.	Charge for the year Rs.	(Disposals) during the year Rs.	Closing Balance as at 31.03.2024 Rs.
Building	42,609,347	2,238,312	-	44,847,659
Plant & Machinery	93,241,687	557,921	-	93,799,608
Lab Equipment	2,427,694	30,858	-	2,458,552
Electrical Equipment	58,399	-	-	58,399
Furniture & Fittings	3,150,996	84,045	-	3,235,042
Office Equipment	1,815,406	98,200	-	1,913,606
Computer & Printers	1,543,721	38,578	-	1,582,299
Moulds & Dies	35,651,162	191,284	-	35,842,446
Leasehold Property - Land	637,993	-	-	637,993
Total	181,136,405	3,239,199	-	184,375,603

(11.3) Net Book Value

Description of Assets	Net Book Value as at 31.03.2024 (Rs)	Net Book Value as at 31.03.2023 (Rs)
Building	20,144,811	22,383,123
Plant & Machinery	1,575,509	1,749,585
Lab Equipment	190,983	221,841
Electrical Equipment	6	6
Furniture & Fittings	76,547	160,593
Office Equipment	77,395	175,595
Computer & Printers	35,830	44,508
Moulds & Dies	286,926	478,210
	22,388,008	25,213,461



(11.4) During the financial year, the Company has acquired property, plant and equipment to the aggregate value of Rs. 413,745 (2022/23 - Rs. 37,000). Cash payments amounting to Rs. 413,745 (2022/23 - Rs. 37,000) were made during the year for the purchase of Property, Plant and Equipment.

(11.5) The cost of fully depreciated property plant & equipment which are still in use as at reporting date was Rs 6,590,511.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,

(12) <u>RIGHT OF USE ASSETS</u>	2024		2023
	Rs.	Cts.	Rs. <i>Restated</i>
(12.1) <u>Cost</u>			
Balance as at 1st April	4,122,015.75		4,122,016
Balance as at 31st March	4,122,015.75		4,122,016
<u>Amortisation</u>			
Balance as at 1st April	123,660.47		-
Amortisation for the Year	123,660.47		123,660
Balance as at 31st March	247,320.95		123,660
<u>Net Book Value</u>	3,874,694.81		3,998,355
(12.2) <u>Lease Liability</u>			
Balance as at 01st April	4,166,435.83		4,122,016
Lease Interest charged during the year	477,890.27		490,820
Lease Payment during The year	(972,036.00)		(446,400)
Balance as at 31st March	3,672,290.10		4,166,436

- (12.3) The Company has entered into an operating lease agreement with the Land Reform Commission on July 1, 2005, for a 50-year period for land. The lease period will expire on 30th June 2055.

	<u>Locations</u>	<u>Extent Of Land</u>
Land	Dankotuwa	A2 - R2 - P13

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's Incremental Borrowing Rate (IBR) of 11.85%.

(12.4) <u>The following are the amounts recognised in Income Statement:</u>	2024		2023
	Rs.	Cts.	Rs. <i>Restated</i>
Amortization charge of Right-of-Use Assets	123,660.47		123,660
Interest Expense on Lease Liabilities	477,890.27		490,820
Total amount recognised in profit or loss	601,550.74		614,481
(12.5) <u>Lease Liabilities included in the Statement of Financial Position</u>			
Non-Current Lease Liability	3,341,302.61		3,365,144
Current Lease Liability	330,987.49		801,292
	3,672,290.10		4,166,436



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH

	Note	2024 Rs. Cts.	2023 Rs. <i>Restated</i>
(13) DEFERRED TAX (ASSETS)/LIABILITY			
Balance at the beginning of the Year		2,011,033.46	(2,661,598)
Provision/(Reversal) for the Year - P & L		750,206.70	4,418,441
Provision/(Reversal) for the Year - OCI		42,547.79	254,190
Balance at the end of the Year	(13.1)	<u>2,803,787.95</u>	<u>2,011,033</u>
The deferred tax asset/liability on each temporary difference which were recognized in the Financial Statements are disclosed below.			
(13.1) Temporary Differences			
On Property, Plant & Equipment		17,772,536.12	16,160,719
Right of Use Asset		3,874,694.81	3,998,355
Lease Liability		(3,672,290.10)	(4,166,436)
On Retirement Benefit Obligations		(8,628,981.00)	(9,289,193)
		<u>9,345,959.83</u>	<u>6,703,445</u>
(13.2) Tax Effect @ 30%			
On Property, Plant & Equipment		5,331,760.84	4,848,216
Right of Use Asset		1,162,408.44	1,199,507
Lease Liability		(1,101,687.03)	(1,249,931)
On Retirement Benefit Obligations		(2,588,694.30)	(2,786,758)
		<u>2,803,787.95</u>	<u>2,011,033</u>
(14) INVENTORIES			
Materials		61,620,595.59	117,298,944
Work-in-Progress		19,230,424.75	14,544,854
Finished Goods		33,308,223.50	47,234,210
Traded Goods		10,614,317.15	34,309,282
Spare Parts		12,663,965.71	12,404,853
Furnance Oil		899,290.33	3,648,718
Stock Account - Consumables		5,242,567.75	7,221,594
		<u>143,579,384.78</u>	<u>236,662,456</u>
(15) DEBTORS & RECEIVABLES			
Trade Debtors - Receivables from Exports		10,275,365.19	(184,954)
Trade Debtors - Local Receivables		31,127,211.99	36,867,054
Deposit Advances	(15.1)	3,268,180.00	3,103,762
Interest on Short Term Bank Deposits		49,995,560.00	44,380,126
VAT Receivable (Net)		22,036,213.73	22,036,214
		<u>116,702,530.91</u>	<u>106,202,202</u>



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH

		2024	2023
		Rs. Cts.	Rs. Restated
(15.1) <u>DEPOSITS & ADVANCES</u>			
Deposits - Electricity		1,250,000.00	1,250,000
Other Recoveries		306,599.00	277,099
EMD/Deposit Paid - From 01 July 2009		19,200.00	19,200
Advance for RM Purchases		4,000.00	4,000
Advance for Capital/Spares		21,580.00	21,580
Advance for Others		49,500.00	-
Pre Paid Expenses		1,617,301.00	1,531,883
		<u>3,268,180.00</u>	<u>3,103,762</u>
(16) <u>SHORT TERM INVESTMENTS</u>			
<u>Investments In Fixed Deposits</u>			
Short Term Bank Deposits - LKR		551,321,411.28	474,484,031
		<u>551,321,411.28</u>	<u>474,484,031</u>
(17) <u>CASH & CASH EQUIVALENTS</u>			
Cash in Hand		29,420	49,435
Cash at Bank	(17.1)	47,566,835	31,035,361
		<u>47,596,255</u>	<u>31,084,796</u>
(17.1) <u>Cash at Bank</u>			
SBI Colombo LKR (AC46821)		5,086,079	1,059,338
SBI Colombo - US\$ (AC46822)		5,820,611	22,567,913
HNB Dankotuwa (AC46823)		36,660,144	7,408,110
		<u>47,566,835</u>	<u>31,035,361</u>
(18) <u>STATED CAPITAL</u>	No. of Shares		
Fully Paid Ordinary Shares	34,160,324	341,603,240.00	341,603,240
		<u>341,603,240.00</u>	<u>341,603,240</u>
(19) <u>RETIREMENT BENEFIT OBLIGATIONS</u>			
Retirement Benefit Obligations		8,628,981.00	9,289,193
Balance at the end of the Year		<u>8,628,981.00</u>	<u>9,289,193</u>
(19.1) <u>Movement in the Present Value of Defined Benefit Obligations (PV DBO)</u>			
Balance at the Beginning of the Year		9,289,193.44	9,031,553
Charge for the year		814,538.42	599,510
Interest for the year		690,681.11	949,685
Payments made during the year		(2,023,605.99)	(444,257)
Deficit/(Surplus) charge for the year		(141,825.98)	(847,298)
Balance at the End of the Year		<u>8,628,981.00</u>	<u>9,289,193</u>



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH

	Note	2024 Rs. Cts.	2023 Rs. <i>Restated</i>
(19.2) <u>Amounts Recognized in the Income Statement</u>			
Charge for the year - Staff		437,450.92	515,010
- Workmen		377,087.50	84,500
Interest for the year - Staff		690,681.11	949,685
		<u>1,505,219.52</u>	<u>1,549,195</u>
(19.3) <u>Amounts Recognized in Other Comprehensive Income</u>			
Deficit/(Surplus) charge for the year		(141,825.98)	(847,298)
		<u>(141,825.98)</u>	<u>(847,298)</u>
(19.4) <u>Actuarial Assumptions</u>			
Discount Rate		12.28%	18.12%
Expected Rate of Salary Increase		8.87%	15.40%
Staff Turnover Rate - Upto Age 50 years		0.00%	0.00%
Retirement Age - as specified by the Company		60 Years	60 Years
(20) <u>TRADE & OTHER PAYABLES</u>			
Creditors - RM Purchase- Local		12,773,200.00	-
Creditors - RM Purchase-Imports		(37,588.98)	-
Vendors - Stores & Spares/ Capital - Local		(42,252.00)	(46,878)
Vendor - Fuel (CPC)		(40.02)	(40)
Creditors - Previous Years		64,113.25	14,095
GR/IR Control account-RM Local		19,416.35	19,416
GR/IR Control account- Others/Services		(0.15)	(0)
Creditors - Payables & Accruals	(20.1)	<u>15,549,918.00</u>	<u>9,122,181</u>
		<u>28,326,766.45</u>	<u>9,108,775</u>
(20.1) <u>PAYABLES & ACCRUALS</u>			
B. R. De Silva & Co - Audit Fee		387,500.00	365,000
ETF		38,623.00	39,654
EPF - Employees		154,492.00	158,616
EPF - Employer		102,995.00	105,744
Paye		192,090.00	153,992
SSCL Payable (Social Scurity Contribution Levy)		802,234.00	1,103,621
CESS on NR Purchases		80,180.00	-
NBT Collection		-	50,018
WHT Collection		13,500.00	13,500
Provision for Bonus		645,000.00	638,940
Commissioner General of IRD - VAT		7,235,086.00	2,282,729
Makeeta Manpower Service Feb & March 21		3,349,535.00	2,879,448
Ceylon Electricity Board		1,400,000.00	661,000
Tesco - Tea		112,200.00	-
Telephone - SLT /Dialog/ Lanka Bell		12,000.00	7,043
Maritime Freight International		-	578,000
Hardship Allowance - March24		178,000.00	-
Royal Asia - Shipping Exps		-	84,876
Rocnal - Mixing		724,983.00	-
Samurdhi PreCured Retreads - Mixing		121,500.00	-
		<u>15,549,918.00</u>	<u>9,122,181</u>



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH

	<i>Note</i>	2024		2023
		Rs.	Cts.	Rs.
(21)	<u>AMOUNTS DUE TO RELATED PARTIES</u>			<i>Restated</i>
(21.1)	<u>Names of the Related Parties</u>			
	MRF Limited	4,270,000.00		112,322,100
		<u>4,270,000.00</u>		<u>112,322,100</u>
(21.2)	This note should be read in conjunction with Note 22.5 - Transactions maintained with Related Companies.			
(22)	<u>INCOME TAX PAYABLE</u>			
	Balance at the Beginning of the Year	5,767,490.16		20,131
	Provision for the Year	39,312,210.89		16,673,022
	Self Assessment Tax Paid 2022/23	(5,767,490.16)		(20,131)
	WHT Paid	(2,728,283.00)		-
	Self Assessment Tax Paid 2023/24	<u>(24,008,999.00)</u>		<u>(10,905,532)</u>
	Balance at the end of the Year	<u>12,574,928.89</u>		<u>5,767,490</u>



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH**(23) RELATED PARTY TRANSACTIONS / DIRECTORS' INTEREST IN CONTRACTS****(23.1) PARENT AND ULTIMATE CONTROLLING PARTY**

MRF Lanka (Pvt) Ltd is a fully owned subsidiary of MRF Limited incorporated in India, having its core back office business operations in the areas of manufacturing & selling of pre-cured Tread Rubber, PCTR Ropes and Trading within Rubber Bonding Gum etc. being operated from its office in Dankotuwa.

(23.2) IDENTIFYING THE RELATED PARTIES

The Company has related party relationships with the Parent Company, Affiliated Companies, Directors of the Company, Key Management Personnel of the Company and their Close Family Members.

(23.3) TRANSACTIONS HELD WITH KEY MANAGEMENT PERSONNEL

According to the Sri Lanka Accounting Statandard 'LKAS 24 - Related Party Disclosures', Key Management Personnel (KMP), are those having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (*whether executive or otherwise*) of that Company.

Accordingly, the Board of Directors (including Executive and Non Executive Directors) of MRF Lanka (Pvt) Ltd have been classified as Key Management Personnel of the Company.

Mr. Arun Mammen is the one of director of the board of the Company.

<u>(23.3.1) Compensation of Key Management Personnel</u>	<u>2023 / 2024</u>	<u>2022 / 2023</u>
Short Term Employee Benefits	-	-
Post Employment Benefits	-	-
Other Long Term Benefits	-	-
Termination Benefits	-	-
Share Based Payments	-	-

Transactions held with Key Management Personnel and their Related Parties have been conducted on relevant commercial terms with the respective parties.

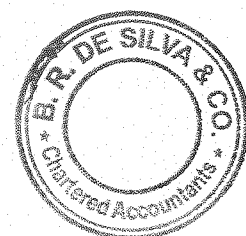
(23.4) TRANSACTIONS, ARRANGEMENTS & AGREEMENTS INVOLVED WITH KEY

Close Family Members (CFM) of a Key Management Personnel (KMP) are those family members who may be expected to influence, or be influenced by, that individual in their dealing with the entity.

They may include,

- (a) The individual's domestic partner and children;
- (b) Children of the individual's domestic partner ; and
- (c) Dependants of the individual or the individual's domestic partner CFM are related parties to the entity.

There were no transactions with CFM during the reporting year.



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,(23.5) TRANSACTIONS HELD WITH RELATED COMPANIES

(23.5.1.1)	Name of the Company	Nature of Interest	Balance as at 01.04.2023	Nature of Transaction	Amount Paid / (Received) in 2024	Balance as at 31.03.2024
			Receivable / (Payable) Rs.		Rs.	Receivable / (Payable) Rs.
	MRF Limited, India.	Parent Company	(112,322,100)	Purchase	-	(4,270,000)
				Cash Payment	108,052,100	

(23.5.1.2) Terms and Conditions of transactions held with related parties

Transactions held with related parties are carried out in the ordinary course of the business, that purchases from related parties are made on terms equivalent to those that prevail at arm's length transactions. Outstanding balances at the year end are unsecured, interest free.

For the year ended 31st March, 2024, the Company has not recorded any impairment of receivables relating to amounts due from related parties (if any).

This assessment is undertaken at each financial year, by examining the financial position of the related party and market in which the related party operates.



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31ST MARCH,**(24) COMMITMENTS****(24.1) CAPITAL EXPENDITURE COMMITMENTS**

There were no capital expenditure commitments as at the reporting date.

(24.2) FINANCIAL COMMITMENTS**(24.2.1) Lease commitments - Maturity Analysis of undiscounted cash flows of Lease Liability**

<u>Lease rentals due on</u>	<u>2023/24</u>	<u>2022/23</u>
Within one year	972,036	446,400
Between one and five years	13,987,200	14,958,060
	<u>14,959,236</u>	<u>15,404,460</u>

(25) CONTINGENT LIABILITIES

There were no significant Contingent Liabilities as at the reporting date that require adjustment to, or disclosure in the Financial Statements.

(26) EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurring after the balance sheet date that require adjustments or disclosure in the Financial Statements.

(27) ASSETS PLEDGED AS COLLATERALS**Assets Pledged As Collaterals by The Company**

There were no assets of the Company which have been pledged as collaterals as at reporting date of 31st March 2024.



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH,(28) ACCOUNTING CLASSIFICATIONS & FAIR VALUES

The following methods and assumptions were used to estimate the fair values:

Cash & Cash Equivalents, Trade and Other Receivables, Trade and Other Payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques that use inputs have a significant effect on the recorded fair value not based on observable market data.

(28.1) Fair Value vs Carrying AmountsAs at 31st March, 2024

	Notes	Carrying Amount			Fair Value	
		Amortized Cost	Fair Value Through Other Comprehensive Income	Fair Value Through Profit or Loss	Total	
		Rs.	Rs.	Rs.	Rs.	Rs.
<u>Financial Assets</u>						
Cash & Cash Equivalents	(17)	47,596,255	-	-	47,596,255	47,596,255
<u>Total Financial Assets</u>		47,596,255	-	-	47,596,255	47,596,255
<u>Financial Liabilities</u>						
Lease Liability	(12.2)	3,672,290	-	-	3,672,290	3,672,290
Trade & Other Payables	(20)	28,326,766	-	-	28,326,766	28,326,766
<u>Total Financial Liabilities</u>		31,999,057	-	-	31,999,057	31,999,057

(28.2) Fair Value vs Carrying AmountsAs at 31st March, 2023

	Notes	Carrying Amount			Fair Value	
		Amortized Cost	Fair Value Through Other Comprehensive Income	Fair Value Through Profit or Loss	Total	
		Rs.	Rs.	Rs.	Rs.	Rs.
<u>Financial Assets</u>						
Cash & Cash Equivalents	(17)	31,084,796	-	-	31,084,796	31,084,796
<u>Total Financial Assets</u>		31,084,796	-	-	31,084,796	31,084,796
<u>Financial Liabilities</u>						
Lease liability	(12.2)	4,166,436	-	-	4,166,436	4,166,436
Trade and Other Payables	(20)	9,108,775	-	-	9,108,775	9,108,775
<u>Total Financial Liabilities</u>		13,275,211	-	-	13,275,211	13,275,211



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,(29) FINANCIAL INSTRUMENTS - FAIR VALUE

(29.1) The following tables show an analysis of financial instruments at fair value & by levels of fair value hierarchy.
As at 31st March, 2024

	Total Carrying Amount	Level 1	Level 2	Level 3	Fair Value
<i>Financial Assets measured at Fair Value</i>					
Cash and Cash Equivalents	47,596,255	-	-	47,596,255	47,596,255
Total Financial Assets	47,596,255	-	-	47,596,255	47,596,255

Financial Liabilities measured at Fair Value

Lease Liability	3,672,290	-	-	3,672,290	3,672,290
Trade and Other Payables	28,326,766	-	-	28,326,766	28,326,766
Total Financial Liabilities	31,999,057	-	-	31,999,057	31,999,057

As at 31st March, 2023

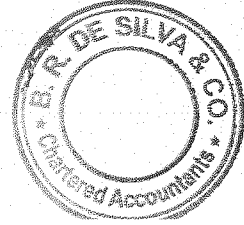
	Total Carrying Amount	Level 1	Level 2	Level 3	Fair Value
<i>Financial Assets measured at Fair Value</i>					
Cash and Cash Equivalents	31,084,796	-	-	31,084,796	31,084,796
Total Financial Assets	31,084,796	-	-	31,084,796	31,084,796

Financial Liabilities measured at Fair Value

Trade and Other Payables	9,108,775	-	-	9,108,775	9,108,775
Lease liability	4,166,436	-	-	4,166,436	4,166,436
Total Financial Liabilities	13,275,211	-	-	13,275,211	13,275,211

(29.2) Transfers Between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH,**(30) RISK MANAGEMENT FRAMEWORK**

The Board of Directors has the overall responsibility for the establishment & oversight of the Company's Risk Management Framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities.

This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing the risks and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments.

The principal financial instruments of the Company comprise of short term deposits and cash. The main purpose of these financial instruments is to raise and maintain liquidity for the Company's operations, and maximize returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and payables which arise directly from its business activities.

Further quantitative disclosures are included throughout these Company Financial Statements.

(30.1) Credit Risk

Credit risk is the risk of financial loss to the Company if a client or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's Receivables from customers.

Trade and Other Receivables

The Company is exposed to the credit risk mainly from its normal course of business in terms of individual characteristics of each customer.

Management of Credit Risk Include Following components

- Formulating credit policies in consultation with business units covering credit assessment, risk grading and reporting, documentary and legal procedures and in compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval.
- The carrying amount of financial assets represents the maximum credit exposure.

Age analysis of trade receivables as at reporting date was as follows:

As at 31st March,

	2024 Rs.	2023 Rs.
0-30 Days	28,941,025	36,875,413
31-60 Days	8,609,853	-
61-90 Days	358,549	-
91 - 360 Days	3,683,127	(49)
More than 360 Days	(189,976)	(8,310)
	41,402,578	36,867,054
Less : Expected Credit Loss Provision	-	-
	41,402,578	36,867,054



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH(30) RISK MANAGEMENT FRAMEWORK Cont'dFINANCIAL INSTRUMENTS(30.1.1) Financial Assets

The Company held cash at bank of Rs. 47,556,835 (2022/23 - Rs. 31,035,361) as at 31st March, 2024 which represents its maximum credit exposure on these assets.

Company as at 31.03.2024Assets

Cash & Cash Equivalents

Total Financial Assets

Gross Amount	Neither Past Due Nor Impaired	Past Due But not Impaired	Individually Impaired	Impairment Provision	Totals
	Rs.	Rs.	Rs.	Rs.	Rs.
47,596,255	-	-	-	-	47,596,255
47,596,255	-	-	-	-	47,596,255

Company as at 31.03.2023Assets

Cash & Cash Equivalents

Total Financial Assets

Gross Total	Neither Past Due Nor Impaired	Past Due But not Impaired	Individually Impaired	Impairment Provision	Totals
	Rs.	Rs.	Rs.	Rs.	Rs.
31,084,796	-	-	-	-	31,084,796
31,084,796	-	-	-	-	31,084,796

(30.1.2) Credit Quality of Financial Assets

The Credit Quality of Financial Assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to the extent of collaterals provided by counter parties:

	Credit Rating	2024		2023	
		Rs.	as a %	Rs.	as a %
Cash in hand Balances		29,420	0.06%	49,435	0.16%
Cash at Bank Balances,		10,906,690	22.92%	23,627,251	76.01%
	BBB -				
SBI					
	A (Ika)				
HNB		36,660,144	77.02%	7,408,110	23.83%
		47,596,254		31,084,796	



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,****(30) RISK MANAGEMENT FRAMEWORK - Cont'd****(30.1.3) Analysis of Risk Concentration**

The following table shows the risk concentration by sector for the components of the Statement of Financial Position.

Company as at 31.03.2024**Sector Wise Breakdown**

	Cash & Cash Equivalents	Amounts due from Related Parties	Total Credit Risk Exposure
	Rs.	Rs.	Rs.
Corporate Institutions	47,566,835	-	47,566,835
Others	29,420	-	29,420
Total	47,596,255	-	47,596,255

Company as at 31.03.2023**Sector Wise Breakdown**

	Cash & Cash Equivalents	Amounts due from Related Parties	Total Credit Risk Exposure
	Rs.	Rs.	Rs.
Corporate Institutions	31,035,361	-	31,035,361
Others	49,435	-	49,435
Total	31,084,796	-	31,084,796

(30.2) Liquidity Risk

Liquidity risk is the risk that the Company will not have adequate financial resources to meet Company's obligations as and when they fall due. This risk arises from mismatches in the timing of cash flows.

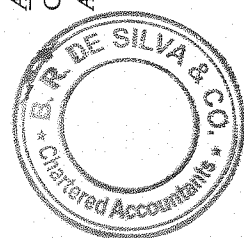
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(30.2.1) Maturity Analysis of Financial Assets

The table below summarises the maturity profile of the company's financial assets as at reporting dates based on contractual undiscounted payments.

For the year ended 31st March, 2024

Assets	Carrying Amount	On Demand	Up to 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cash & Cash Equivalents (Favorable)	47,596,255	47,596,255	-	-	-	-
As at 31st March, 2024	47,596,255	47,596,255	-	-	-	-



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH(30) RISK MANAGEMENT FRAMEWORK - Cont'dFor the year ended 31st March, 2023Assets

Cash & Cash Equivalents

As at 31st March, 2023

Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31,084,796	31,084,796	-	-	-	-
31,084,796	31,084,796	-	-	-	-

(30.2.2) Maturity Analysis of Financial Liabilities

The table below summarises the maturity profile of the Company's financial liabilities as at reporting dates based on contractual undiscounted payments.

For the year ended 31st March, 2024Liabilities

Lease Liability

Trade and Other Payables

As at 31st March, 2024

Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,672,290	-	330,987	787,990	390,072	2,163,241
28,326,766	-	28,326,766	-	-	-
31,999,057	-	28,657,754	787,990	390,072	2,163,241

For the year ended 31st March, 2023Liabilities

Lease Liability

Trade and Other Payables

As at 31st March, 2023

Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,166,436	-	801,292	886,609	438,890	2,039,645
9,108,775	-	9,108,775	-	-	-
13,275,211	-	9,910,067	886,609	438,890	2,039,645



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH,**(30) RISK MANAGEMENT FRAMEWORK - Cont'd****(30.3) Market Risk**

Market Risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises four types of risks: Interest Rate Risk, Currency Risk, Commodity Price Risk and Other Price Risks.

Financial Instruments affected by market risk include loans and borrowings, short term deposits.

The objective of market risk management is to manage control and control market risk exposure within acceptable parameters, whole optimizing the return.

(30.4) Interest Rate Risk

Interest Rate risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mainly borrows in the short term to fund its working capital requirements which are linked and floating interest rates. For other funding needs the Company maintains a proper mix of fixed and floating interest rates based on the predictability of future cash flow.

(30.4.1) Interest Rate Sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument which will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

(30.5) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exposure to foreign exchange rate changes is minimized by positive negotiations with banks applying financial risk management techniques.

	2024	2023
	Rs	Rs
Closing exchange rate (Spot) (LKR/USD)	301.18	327.29
Average exchange rate (LKR/USD)	305.67	329.47

(30.5.1) The following table demonstrates the sensitivity to a reasonably possible change in the LKR/USD exchange rate, with all other variables held constant, of the Company's profit before tax.

			<i>Effect on the profit before tax</i>	
			2024	2023
			Rs	Rs
<i>Increase/ (decerease) in an exchange rate (100 basis points)</i>				
On variable rate instruments	USD (\$)	Incease 1%	17,530,516	73,862,521



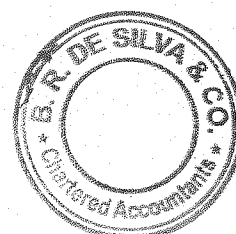
MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,**(31) CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

Capital consists of Ordinary Shares, Retained Earnings and Revaluation Reserve of the Company.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, retain capital to shareholders or issue new shares.

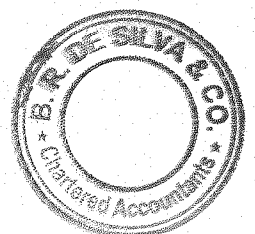
	31st March 2024	31st March 2023
Trade and Other Payables	28,326,766	9,108,775
Lease Liability	3,672,290	4,166,436
Less : Cash & Cash Equivalents	(47,596,255)	(31,084,796)
Net Debts	(15,597,198)	(17,809,585)
Equity	825,185,530	734,980,273
Equity and Net debts	809,588,332	717,170,688
Gearing Ratio	-1.93%	-2.48%



MRF LANKA (PVT) LIMITED

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

	<i>Note</i>	2024	2023
		<i>Rs. Cts.</i>	<i>Rs.</i>
			<i>Restated</i>
Revenue	(A)	470,797,945.32	546,514,105
Cost of Sales	(B)	<u>(373,937,615.44)</u>	<u>(476,963,986)</u>
Profit from Operations		96,860,329.88	69,550,120
Other Operating Income	(C)	17,983,035.81	17,348,312
Administration Expenses	(D)	<u>(48,010,702.72)</u>	<u>(41,045,308)</u>
Profit from Operating Activities		<u>66,832,662.97</u>	<u>45,853,124</u>
Finance Income	(E)	60,181,097.00	44,674,477
Finance Costs	(F)	3,154,635.97	14,107,713
Profit before Taxation		<u>130,168,395.95</u>	<u>104,635,313</u>
Income Tax Expense		<u>(40,062,417.58)</u>	<u>(21,091,464)</u>
Profit/(Loss) for the Year		<u>90,105,978.36</u>	<u>83,543,850</u>
<u>Other Comprehensive Income</u>			
(Deficit)/Surplus from Valuation of Defined Benefit Plans		141,825.98	847,298
Deferred Tax Impact on (Deficit)/Surplus of Defined Benefit Plan		(42,547.79)	(254,190)
Total Comprehensive Income/(Loss) for the Year		<u>90,205,256.55</u>	<u>84,136,959</u>



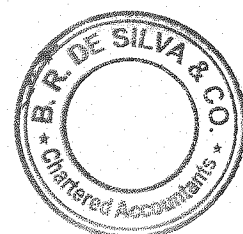
MRF LANKA (PVT) LIMITED**ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH

	2024	2023
	Rs. Cts.	Rs. Restated
(A) REVENUE		
Sales - Local	427,704,663.52	460,132,460
Sales - Export	43,424,781.80	87,347,582
	471,129,445.32	547,480,042
Less: Export Expenses		
Sea Freight	-	(358,530)
Shipping Expenses	(331,500.00)	(607,407)
	470,797,945.32	546,514,105
(B) MANUFACTURING ACCOUNT		
Cost of Raw Materials	272,214,020.96	400,417,849
Inventory Adjustments	19,026,196.14	57,812,706
Stock Revaluation	(7,298,714.22)	(71,433,520)
Add : Factory Salaries & Allowances	7,521,808.00	7,122,410
E.P.F.	442,681.00	394,405
E.T.F.	110,670.00	98,601
Mixing & Masticating Charges	18,771,950.63	19,499,835
Prime Cost	310,788,612.51	413,912,286
MANUFACTURING OVERHEADS		
Electricity	14,224,766.00	9,289,693
Workmen - Bonus	330,873.00	230,563
Workmen Uniforms	386,800.00	448,300
Workmen Wages	20,618,521.00	18,443,859
Fuel	10,907,027.21	16,162,762
Depreciation - Building	2,238,312.29	2,487,014
Plant, Machinery & Equipment	557,921.23	674,329
Lab Equipment	30,858.08	35,844
Moulds & Dies	191,283.86	318,806
Consumables	3,329,680.87	3,817,433
Consumables - Tools	182,615.87	72,275
Repairs & Maintenance - Building	733,657.00	330,734
Repairs & Maintenance - Plant & Machinery	5,101,346.78	4,882,210
Stores & Spares - Local	590,412.69	853,817
Stores & Spares -Import	133,687.57	215,493
Repairs & Maintenance - Other Equipment	283,713.00	335,749
Engineering Consumables	979,701.98	2,503,445
Rent-Godowns	1,620,000.00	1,560,000
Insurance on Fixed assets	330,737.00	304,876
Workmen Gratuity	377,087.50	84,500
Total Manufacturing Overheads	63,149,002.93	63,051,700
Total Cost of Sales	373,937,615.44	476,963,986



MRF LANKA (PVT) LIMITED**ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH

	2024	2023
	Rs. Cts.	Rs.
(C) <u>OTHER OPERATING INCOME</u>		<i>Restated</i>
<u>Income from Sale of Trade Goods</u>		
Sales - Local	78,393,606.61	90,422,760
Sales - Export	7,890,450.00	14,649,360
	86,284,056.61	105,072,120
Cost of Sales	(68,721,975.07)	(88,401,591)
Gross Profit from Sale of Trade Goods	17,562,081.54	16,670,529
Scrap Sales	420,954.27	677,784
Net Profit from Sale of Trade Goods	17,983,035.81	17,348,312
 (D) <u>ADMINISTRATION EXPENSES</u>		
Depreciation - Furniture & Fittings	84,045.20	82,199
Office Equipment	98,200.07	106,738
Computer & Printers	38,578.00	33,600
ROUA Amortization Cost	123,660.47	123,660
Audit Fee	250,000.00	225,000
Salaries	5,660,920.00	5,858,475
Bonus - Staff	258,766.00	488,059
Conveyance Subsidy	3,263,512.00	3,281,350
Other Allowances	7,258,172.00	5,955,415
Subscription	208,652.00	131,925
Staff Welfare - RO Canteen	2,076,471.00	2,206,272
EPF	1,437,994.04	1,449,488
ETF	359,498.76	362,372
Licence Fees	35,052.89	205,756
Insurance - Stocks	281,058.00	155,249
- Others	256,558.73	255,588
Travelling - Management	1,132,900.00	1,043,500
Transfer Expenses - Management Staff	-	145,376
Professional Charges	629,518.00	443,438
Printing & Stationery	418,841.40	500,432
Postages & Telegrams	111,249.00	172,095
Telephone & Telex	125,183.00	131,238
Motor Car - Running Expenses	3,554,876.00	3,833,336
Technical Fees	264,380.00	181,614



MRF LANKA (PVT) LIMITED

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH

	2024	2023
	Rs. Cts.	Rs.
(D) <u>ADMINISTRATION EXPENSES (CONTD....)</u>		<i>Restated</i>
Branding & Promotion	1,221,500.00	
General Charges	4,002,626.13	3,079,726
SSCL (Social Scurity Contribution Levy)	10,162,078.00	5,864,376
Watch & Ward	3,147,635.00	2,869,535
Gratuity - Staff	1,128,132.02	1,464,695
Tax Computation & Return Filing Charges	47,500.00	50,000
Freight on FG- Transport	373,145.00	344,800
	48,010,702.72	41,045,308
(E) <u>FINANCE INCOME</u>		
Interest Income - Fixed Deposits	60,181,097.00	44,674,477
	60,181,097.00	44,674,477
(F) <u>FINANCE COSTS</u>		
Bank Charges	2,469,648.50	2,069,556
Lease Interest	477,890.27	490,820
Exchange Difference Fluctuations Exports	1,061,598.06	(1,541,018)
Exchange Difference Fluctuations Imports	(8,716,401.24)	5,645,535
Exchange Fluctuations - Transfers	1,552,628.44	(20,772,606)
	(3,154,635.97)	(14,107,713)

