

MRF LANKA (PVT) LTD

FOR THE YEAR ENDED 31ST MARCH 2025

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 2025, 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 2025, 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.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The 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 the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

Partners - N.S.C.De Silva FCA, FCMA (UK), L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA,
S.M.S.S.Bandara MIA, FCA, D.S.De Silva LL.B. Attorney - at -Law ACA, ACMA (UK)

Partner (Kandy) W.L.L. Perera FCA.

22 / 4,
Vijaya Kumaranatunga Mawatha,
Colombo 05,
Sri Lanka.
Telephone : +94 112 513 420 - 22
 +94 114 510 268
Fax : +94 114 512 404
E-mail : brds@eureka.lk
Web : www.brdesilva.com



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 a 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:

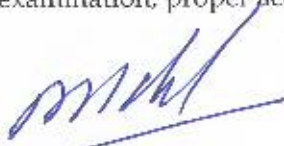
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.. 2/05/2025
(LW/ST/15)



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

	Note	2025 Rs. Cts.	2024 Rs.
Revenue	(5)	472,210,141.23	470,797,946
Cost of Sales		<u>(364,914,597.83)</u>	<u>(373,937,617)</u>
Profit from Operations		107,295,543.40	96,860,329
Other Operating Income		18,254,060.47	17,983,036
Administration Expenses		<u>(49,215,621.79)</u>	<u>(48,010,702)</u>
Profit from Operating Activities	(6)	76,333,982.08	66,832,663
Finance Income	(7)	52,952,814.00	60,181,097
Finance Costs	(8)	<u>(1,244,146.56)</u>	<u>3,154,636</u>
Profit before Taxation		128,042,649.51	130,168,396
Income Tax Expense	(9)	<u>(38,299,620.46)</u>	<u>(40,062,419)</u>
Profit for the Year		89,743,029.06	90,105,977

Other Comprehensive Income**Items that will not be reclassified to Profit or Loss**

Surplus from Valuation of Defined Benefit Plans	(19.3)	79,358.03	141,826
Deferred Tax Impact on Surplus of Defined Benefit Plan	(13)	(23,807.41)	(42,548)
Other Comprehensive Income for the Year		<u>55,550.62</u>	<u>99,278</u>
Total Comprehensive Income for the Year		<u>89,798,579.68</u>	<u>90,205,255</u>
Basic Earnings Per Share	(10)	<u>2.63</u>	<u>2.64</u>



The Notes to the Financial Statements in pages (05) to (36) form an integral part of these Financial Statements.

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

	Note	2025 Rs. Cts.	2024 Rs.
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, Plant and Equipment	(11)	23,015,961.87	22,388,007
Capital Work In Progress		1,928,163.00	-
Right of Use Assets	(12.1)	3,785,955.41	3,874,695
Total Non Current Assets		<u>28,730,080.28</u>	<u>26,262,702</u>
<u>Current Assets</u>			
Inventories	(14)	150,302,483.90	143,579,386
Trade and Other Receivables	(15)	107,499,518.70	116,702,531
Financial Assets	(16)	656,407,052.28	551,321,411
Cash and Cash Equivalents	(17)	34,042,069.46	47,596,254
Total Current Assets		<u>948,251,124.34</u>	<u>859,199,582</u>
Total Assets		<u><u>976,981,204.62</u></u>	<u><u>885,462,284</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Stated Capital	(18)	341,603,240.00	341,603,240
Reserves		573,380,867.88	483,582,288
Total Equity		<u>914,984,107.88</u>	<u>825,185,528</u>
<u>Non-Current Liabilities</u>			
Retirement Benefit Obligations	(19)	9,965,207.00	8,628,981
Lease Liability	(12.2)	3,393,323.04	3,341,303
Deferred Tax Liabilities	(13)	2,346,008.59	2,803,789
Total Non Current Liabilities		<u>15,704,538.63</u>	<u>14,774,072</u>
<u>Current Liabilities</u>			
Trade and Other Payables	(20)	27,203,649.72	28,326,768
Lease Liability	(12.2)	384,184.47	330,987
Amounts Due to Related Parties	(21)	11,756,991.00	4,270,000
Income Tax Liability	(22)	6,947,732.91	12,574,929
Total Current Liabilities		<u>46,292,558.10</u>	<u>45,502,684</u>
Total Equity and Liabilities		<u><u>976,981,204.62</u></u>	<u><u>885,462,284</u></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

SIGNATURE

DIRECTOR

Arun Mammen

DATE OF APPROVAL
BY THE BOARD

2nd May 2025

The Notes to the Financial Statements in pages (05) to (36) form an integral part of these Financial Statements.



MRF LANKA (PVT) LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31ST MARCH, 2025

	<i>Stated Capital</i>		<i>Reserves Accumulated Profit</i>		<i>Total</i>	
	<i>Rs.</i>	<i>Cts.</i>	<i>Rs.</i>	<i>Cts.</i>	<i>Rs.</i>	<i>Cts.</i>
Balance as at 31 st March 2023	341,603,240.00		393,377,033.02		734,980,273.02	
Profit for the Year 2023/24		-	90,105,977.00		90,105,977.00	
<i>Other Comprehensive Income / (Loss)</i>						
(Deficit)/Surplus on retirement benefit obligations		-	141,825.98		141,825.98	
Deferred Tax Impact on Defined Benefit Plan (Deficit)/Surplus		-	(42,547.79)		(42,547.79)	
Balance as at 31st March 2024	341,603,240.00		483,582,288.21		825,185,528.21	
Profit for the Year 2024/25		-	89,743,029.06		89,743,029.06	
<i>Other Comprehensive Income / (Loss)</i>						
(Deficit)/Surplus on retirement benefit obligations		-	79,358.03		79,358.03	
Deferred Tax Impact on Defined Benefit Plan (Deficit)/Surplus		-	(23,807.41)		(23,807.41)	
Balance as at 31st March 2025	341,603,240.00		573,380,867.88		914,984,107.88	

The Notes to the Financial Statements in pages (05) to (36) form an integral part of these Financial Statements.



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

	Note	2025 Rs.	2024 Rs.
<u>Cash Flows from/(used in) Operating Activities</u>			
Profit/(Loss) Before Income Tax Expenses		128,042,650	130,168,396
<u>Adjustments for :</u>			
Depreciation	(11)	3,846,669	3,239,199
Finance Costs	(8)	2,234,590	2,469,649
Amortization of Right of Use Assets	(12.1)	206,044	123,660
Interest On Lease	(8)	448,424	477,890
Provision for Retirement Benefit Obligations	(19)	1,562,045	1,505,220
Operating Profit/ (Loss) before Working Capital Changes		136,340,421	137,984,014
<u>Changes in Working Capital</u>			
(Increase)/ Decrease in Inventories	(14)	(6,723,098)	93,083,072
(Increase)/ Decrease in Trade & Other Receivables	(15)	9,203,017	(10,500,330)
(Increase)/ Decrease in Amounts Due from Related Parties	(21)	7,486,991	(108,052,100)
Increase/ (Decrease) in Trade & Other Payables	(20)	(1,123,119)	19,217,991
Cash Generated from/(Used in) Operating Activities		145,184,212	131,732,647
Defined Benefit Plan Costs Paid	(19)	(146,460)	(2,023,606)
Finance Costs Paid	(8)	(2,234,590)	(2,469,649)
Income Tax Paid	(13)	(44,408,404)	(32,504,772)
Net Cash Generated from/ (Used in) Operating Activities		98,394,758	94,734,620
<u>Cash Flows from/(used in) Investing Activities</u>			
Acquisition of Property, Plant & Equipment	(11)	(6,402,790)	(413,745)
Net Cash Generated from/ (Used in) Investing Activities		(6,402,790)	(413,745)
<u>Cash Generated from/(Used in) Financing Activities</u>			
Repayment of Lease rentals	(12.1)	(460,512)	(972,036)
Net Cash Generated from/(Used in) Financing Activities		(460,512)	(972,036)
Net Increase/ Decrease in Cash and Cash Equivalents		91,531,456	93,348,839
Cash and Cash Equivalents at the Beginning of the Year		598,917,665	505,568,826
Cash and Cash Equivalents at the End of the Year		690,449,121	598,917,665
<u>Analysis of Cash and Cash Equivalents</u>			
Cash at Bank	(17)	33,992,369	47,566,834
Fixed Deposit	(16)	656,407,052	551,321,411
Cash in Hand	(17)	49,700	29,420
Cash and Cash Equivalents at the End of the Year		690,449,121	598,917,665

The notes to the Financial Statements in pages (05) to (36) 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, 2025****1. CORPORATE INFORMATION****1.1. General Information**

MRF Lanka (Pvt) Limited is a Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal 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 (36) 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 2025 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 the 2nd May 2025.

2. SUMMARY OF MATERIAL 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) Limited as at 31st March 2025 and for the year then ended, comply with the Sri Lanka Accounting Standards (*here in after 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.

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 Lankan Rupees, which is the Company's functional and presentation currency.

Cont'd...(06)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2025**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 Judgements, 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.

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.

Cont'd...(07)



MRF LANKA (PVT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31st MARCH, 2025**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.

2.6. 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.

3. MATERIAL 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, 2025**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 de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognized.

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, 2025**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 assesses 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, 2025**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, 2025**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, 2025**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, 2025**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 statutes 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	11.50%
Annual Salary Increment Rate	7.50%
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, 2025**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) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2025Revenue 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, 2025

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.

4. 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.



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

	2025		2024
	Rs.	Cts.	Rs.
(5) <u>REVENUE</u>			
Sales - Local	420,909,129.53		427,704,664
Sales - Export	51,697,843.70		43,424,782
	472,606,973.23		471,129,446
Less : Export Expenses			
Shipping Expenses	(396,832.00)		(331,500)
	472,210,141.23		470,797,946
(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	400,000.00		250,000
Factory (Salaries, EPF/ETF, Other Allowances)	8,898,074.11		8,075,159
Office (Salaries, EPF/ETF, Other Allowances)	15,650,674.00		14,716,585
Masticating Charges	18,496,937.60		18,771,951
Depreciation	3,846,669.13		3,239,199
(7) <u>FINANCE INCOME</u>			
Interest Income - Fixed Deposits	52,952,814.00		60,181,097
	52,952,814.00		60,181,097
(8) <u>FINANCE COSTS</u>			
Bank Charges	2,234,589.56		2,469,649
Lease Interest	448,424.48		477,890
Exchange Difference Fluctuations Exports	212,753.64		1,061,598
Exchange Difference Fluctuation Imports	(1,807,042.39)		(8,716,401)
Exchange Fluctuations - Transfers	155,421.27		1,552,628
	1,244,146.56		(3,154,636)
(9) <u>INCOME TAX EXPENSE</u>			
Income Tax Provision for the Year	(9.1)	38,781,208.05	39,312,211
Deferred Tax Provision for the Year	(13)	(481,587.59)	750,208
		38,299,620.46	40,062,419



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

	2025	2024
	Rs. Cts.	Rs.
(9.1) <u>Reconciliation between Current Tax Expense & Accounting Profit</u>		
Accounting Profit	128,042,649.51	130,168,396
Investment Income - (Interest Income)	52,952,814.00	60,181,097
Aggregate Disallowable Items	7,074,190.70	8,355,060
Aggregate Allowable Items	(58,798,960.05)	(68,027,754)
Loss Claimable	-	-
Taxable Profit / (Loss)	<u>129,270,694.16</u>	<u>130,676,799</u>
Statutory Tax Rate - 30%	30%	
Provision for the year	<u>38,781,208.25</u>	<u>39,203,040</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.

	2025	2024
	Rs. Cts.	Rs.
Net Profit attributable to Ordinary Shareholders	89,743,029.06	90,105,977
Weighted Average Number of Shares outstanding during the Year	34,160,324.00	34,160,324
Earnings per Share (Rs.)	<u>2.63</u>	<u>2.64</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 01.04.2024		Additions/ Transfers from During the Year		(Disposals)/ (Transfers to) During the Year		Closing Balance as at 31.03.2025	
	Cost	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
	Building	64,992,470.00		-		-		64,992,470.00	
	Plant & Machinery	95,375,117.00		213,000.00		-		95,588,117.00	
	Lab Equipment	2,649,535.00		-		-		2,649,535.00	
	Electrical Equipment	58,405.00		-		-		58,405.00	
	Furniture & Fittings	3,311,589.00		-		-		3,311,589.00	
	Office Equipment	1,991,001.00		258,474.00		-		2,249,475.00	
	Computer & Printers	1,618,129.00		-		-		1,618,129.00	
	Moulds & Dies	36,129,372.00		4,003,153.00		-		40,132,525.00	
	Leasehold Property - Land	637,993.00		-		-		637,993.00	
	Total	206,763,611.00		4,474,627.00		-		211,238,238.00	

(11.2) Depreciation

	Description of Assets	Opening Balance as at 01.04.2024		Charge for the year		(Disposals) During the Year		Closing Balance as at 31.03.2025	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
	Building	44,847,659.00		2,014,481.06		-		46,862,140.06	
	Plant & Machinery	93,799,608.00		482,652.49		-		94,282,260.49	
	Lab Equipment	2,458,552.00		26,565.72		-		2,485,117.72	
	Electrical Equipment	58,399.00		-		-		58,399.00	
	Furniture & Fittings	3,235,042.00		46,162.80		-		3,281,204.80	
	Office Equipment	1,913,606.00		83,949.28		-		1,997,555.28	
	Computer & Printers	1,582,299.00		10,580.00		-		1,592,879.00	
	Moulds & Dies	35,842,446.00		1,182,277.78		-		37,024,723.78	
	Leasehold Property - Land	637,996.00		-		-		637,996.00	
	Total	184,375,607.00		3,846,669.13		-		188,222,276.13	

(11.3) Net Book Value

	Description of Assets	Net Book Value as at 31.03.2025		Net Book Value as at 31.03.2024	
		Rs.	Cts.	Rs.	Cts.
	Building	18,130,329.94		20,144,811.00	
	Plant & Machinery	1,305,856.51		1,575,509.00	
	Lab Equipment	164,417.28		190,983.00	
	Electrical Equipment	6.00		6.00	
	Furniture & Fittings	30,384.20		76,547.00	
	Office Equipment	251,919.72		77,395.00	
	Computer & Printers	25,250.00		35,830.00	
	Moulds & Dies	3,107,801.22		286,926.00	
	Total	23,015,961.87		22,388,007.00	

(11.4) During the financial year, the Company has acquired property, plant and equipment to the aggregate value of Rs.4,474,627 (2023/24 - Rs.413,745). Cash payments amounting to Rs.4,474,627 (2023/24 - Rs.413,745) 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.7,269,706 (2023/24 - Rs.6,590,511).



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31st MARCH,(12) RIGHT OF USE ASSETS(12.1) *Right of Use Assets*

Description	COST			AMORTIZATION			CARRYING VALUE		
	Opening Balance as at 01 st April, 2024	Re-assessed During the Year	Closing Balance as at 31 st March, 2025	Opening Balance as at 01 st April, 2024	Charge for the Year	Re-assessed During the Year	Closing Balance as at 31 st March, 2025	Balance as at 31 st March, 2024	Balance as at 31 st March, 2025
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Land	4,122,015.75	117,304.92	4,239,320.67	247,320.95	206,044.31	-	453,365.26	3,874,694.80	3,785,955.41
Total	4,122,015.75	117,304.92	4,239,320.67	247,320.95	206,044.31	-	453,365.26	3,874,694.80	3,785,955.41

(12.2) LEASE LIABILITIES(12.2.1) *Description*

Description	Opening Balance as at 01 st April, 2024	Facilities Obtained During the Year	Re-assessed During the Year	Interest for the Year	Re-payments/ Transferred During the Year	Closing Balance as at 31 st March, 2025
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Lease Liability - Land	3,672,290.10	-	117,304.92	448,424.48	(460,512.00)	3,777,507.50
Total	3,672,290.10	-	117,304.92	448,424.48	(460,512.00)	3,777,507.50

Current Lease Liability
Non-Current Lease Liability

As at 31 st March, 2024	As at 31 st March, 2025
330,987	384,184.47
3,341,303	3,393,323.04
3,672,290	3,777,507.50



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS AT 31ST MARCH,

- (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>
Dankotuwa	A2 - R2 - P13

Land

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%.

The company reassessed the lease liability on 01st of April 2024 due to changes in future cash outflow.

	2025	2024
	Rs.	Cts.
	Rs.	Rs.

(12.4) The following are the amounts recognised in Income Statement:

Amortization charge of Right-of-Use Assets
Interest Expense on Lease Liabilities
Total amount recognised in profit or loss

206,044.31	123,661
448,424.48	477,890
654,468.79	601,551

(12.5) Lease Liabilities included in the Statement of Financial Position

Non-Current Lease Liability
Current Lease Liability

3,393,323.04	3,341,303
384,184.47	330,987
3,777,507.50	3,672,290



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH

	Note	2025 Rs. Cts.	2024 Rs.
(13) DEFERRED TAX (ASSETS)/LIABILITY			
Balance at the beginning of the Year		2,803,788.78	2,011,033
Provision/(Reversal) for the Year - P & L		(481,587.59)	750,208
Provision/(Reversal) for the Year - OCI		23,807.41	42,548
Balance at the end of the Year	(13.2)	<u>2,346,008.59</u>	<u>2,803,789</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		17,776,787.82	17,772,539
Right of Use Asset		3,785,955.41	3,874,695
Lease Liability		(3,777,507.50)	(3,672,290)
On Retirement Benefit Obligations		(9,965,207.00)	(8,628,981)
		<u>7,820,028.73</u>	<u>9,345,963</u>
(13.2) Tax Effect @ 30%			
On Property, Plant & Equipment		5,333,036.32	5,331,762
Right of Use Asset		1,135,786.62	1,162,408
Lease Liability		(1,133,252.25)	(1,101,687)
On Retirement Benefit Obligations		(2,989,562.10)	(2,588,694)
		<u>2,346,008.59</u>	<u>2,803,789</u>
(14) INVENTORIES			
Materials		68,569,656.78	61,620,596
Work-in-Progress		15,783,078.89	19,230,425
Finished Goods		32,697,243.38	33,308,224
Traded Goods		11,379,481.44	10,614,317
Spare Parts		13,462,589.83	12,663,966
Furnance Oil		2,724,533.10	899,290
Consumables Inventory		5,685,900.48	5,242,568
		<u>150,302,483.90</u>	<u>143,579,386</u>
(15) DEBTORS & RECEIVABLES			
Trade Debtors	(15.1)	32,843,955.17	41,402,577
Deposit Advances	(15.2)	12,919,018.80	3,268,180
Interest on Short Term Bank Deposits		39,700,331.00	49,995,560
VAT Receivable (Net)		22,036,213.73	22,036,214
		<u>107,499,518.70</u>	<u>116,702,531</u>
(15.1) Trade Debtors			
Trade Debtors - Receivables from Exports		(184,954.46)	10,275,365
Trade Debtors - Local Receivables		33,028,909.63	31,127,212
		<u>32,843,955.17</u>	<u>41,402,577</u>



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

		2025 Rs. Cts.	2024 Rs.
(15.2) <u>DEPOSITS & ADVANCES</u>			
Deposits - Electricity		1,250,000.00	1,250,000
Other Recoveries		339,800.00	306,599
EMD/Deposit Paid - From 01 st July 2009		19,200.00	19,200
Advance for RM Purchases		4,000.00	4,000
Advance for Capital/Spares		378,542.00	21,580
Advance for Others		65,000.00	49,500
Pre Paid Expenses		1,076,728.80	1,617,301
Advance for Import Purchase		9,785,748.00	-
		<u>12,919,018.80</u>	<u>3,268,180</u>
(16) <u>Financial Assets</u>			
Investments In Fixed Deposits - LKR		656,407,052.28	551,321,411
		<u>656,407,052.28</u>	<u>551,321,411</u>
(17) <u>CASH & CASH EQUIVALENTS</u>			
Cash in Hand		49,700.00	29,420
Cash at Bank	(17.1)	33,992,369.46	47,566,834
		<u>34,042,069.46</u>	<u>47,596,254</u>
(17.1) <u>Cash at Bank</u>			
SBI Colombo LKR (AC46821)		1,944,561.06	5,086,079
SBI Colombo - US\$ (AC46822)		17,625.00	5,820,611
HNB Dankotuwa (AC46823)		32,030,183.40	36,660,144
		<u>33,992,369.46</u>	<u>47,566,834</u>
(18) <u>STATED CAPITAL</u>	<u>No. of Shares</u>		
Fully Paid Ordinary Shares @ 10%	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		9,965,207.00	8,628,981
		<u>9,965,207.00</u>	<u>8,628,981</u>
(19.1) <u>Movement in the Present Value of Defined Benefit Obligations (PV DBO)</u>			
Balance at the Beginning of the Year		8,628,980.53	9,289,193
Charge for the year		819,345.64	814,538
Interest for the year		742,698.86	690,681
Payments made during the year		(146,460.00)	(2,023,606)
Deficit/(Surplus) charge for the year		(79,358.03)	(141,826)
Balance at the End of the Year		<u>9,965,207.00</u>	<u>8,628,981</u>



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

	Note	2025 Rs. Cts.	2024 Rs.
(19.2) <u>Amounts Recognized in the Income Statement</u>			
Charge for the year - Staff		481,872.64	437,451
- Workmen		337,473.00	377,088
Interest for the year - Staff		742,698.86	690,681
		<u>1,562,044.50</u>	<u>1,505,220</u>
(19.3) <u>Amounts Recognized in Other Comprehensive Income</u>			
Deficit/(Surplus) charge for the year		(79,358.03)	(141,826)
		<u>(79,358.03)</u>	<u>(141,826)</u>
(19.4) <u>Actuarial Assumptions</u>			
Discount Rate		11.50%	12.28%
Expected Rate of Salary Increase		7.50%	8.87%
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		14,357,461.50	12,773,200
Creditors - RM Purchase-Imports		(37,588.98)	(37,589)
Vendors - Stores & Spares/ Capital - Local		(46,877.65)	(42,252)
Vendor - Fuel (CPC)		(198,000.00)	(40)
Creditors - Previous Years		64,113.25	64,113
GR/IR Control account-RM Local		-	19,416
Creditors - Payables & Accruals	(20.1)	13,064,541.60	15,549,920
		<u>27,203,649.72</u>	<u>28,326,768</u>
(20.1) <u>PAYABLES & ACCRUALS</u>			
B. R. De Silva & Co - Audit Fee		522,500.00	387,500
ETF		44,647.00	38,623
EPF - Employees		178,587.60	154,492
EPF - Employer		119,058.40	102,995
Payee Tax		234,257.00	192,090
SSCL Payable (Social Security Contribution Levy)		830,048.00	802,234
CESS on NR Purchases		79,840.00	80,180
WHT Collection		16,000.00	13,500
Provision for Bonus		630,000.00	645,000
Commissioner General of IRD - VAT		4,861,385.27	7,235,086
Makeeta Manpower Service Feb & March 21 st		3,843,452.00	3,349,535
Ceylon Electricity Board		720,000.00	1,400,000
Tesco - Tea		131,890.00	112,200
Telephone - SLT /Dialog/ Lanka Bell		12,500.00	12,000
Hardship Allowance - March 24 th		178,000.00	178,000
Rotax (Pvt) Ltd		10,616.25	-
Rocnal - Mixing		69,195.53	724,985
Samurdhi PreCured Retreads - Mixing		582,564.55	121,500
		<u>13,064,541.60</u>	<u>15,549,920</u>



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

<u>AS AT 31 MARCH</u>		2025		2024
	Note	Rs.	Cts.	Rs.
		<hr/>		<hr/>
(21)	<u>AMOUNTS DUE TO RELATED PARTIES</u>			
(21.1)	<u>Names of the Related Parties</u>			
	MRF Limited	11,756,991.00		4,270,000
		<hr/>		<hr/>
		11,756,991.00		4,270,000
		<hr/>		<hr/>
(21.2)	This note should be read in conjunction with Note 23.5 - Transactions maintained with Related Companies.			
(22)	<u>INCOME TAX PAYABLE</u>			
	Balance at the Beginning of the Year	12,574,928.89		5,767,490
	Provision for the Year	38,781,208.05		39,312,211
	Self Assessment Tax Paid 2023/24	(12,574,928.89)		(5,767,490)
	WHT Paid	(3,162,402.14)		(2,728,283)
	Self Assessment Tax Paid 2024/25	(28,671,073.00)		(24,008,999)
	Balance at the end of the Year	<hr/>		<hr/>
		6,947,732.91		12,574,929



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 Ltd 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 Standard '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.

(23.3.1) Compensation of Key Management Personnel

	<u>2024 / 2025</u>	<u>2023 / 2024</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 MANAGEMENT PERSONNEL (KMP) & THEIR CLOSE FAMILY MEMBERS (CFM)

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 STATEMENTSAS AT 31ST MARCH(23.5) TRANSACTIONS HELD WITH RELATED COMPANIES

(23.5.1.1)	Name of the Company	Nature of Interest	Balance as at 01.04.2024	Nature of Transaction	Amount Paid/ (Received) in 2025	Balance as at 31.03.2025
			Receivable/ (Payable) Rs.		Rs.	Receivable/ (Payable) Rs.
	MRF Ltd, India.	Parent Company	(4,270,000)	Purchase Cash Payment	(37,691,201) 30,204,210	(11,756,991)

(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, 2025, 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) LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS 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>2024/25</u>	<u>2023/24</u>
Within one year	460,512	972,036
Between one and five years	2,302,560	13,987,200
	<u>2,763,072</u>	<u>14,959,236</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 COLLATERALSAssets 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 2025.



MRF LANKA (PVT) LIMITED**NOTES 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 of 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 Amounts**As at 31st March, 2025****Financial Assets**

Cash & Cash Equivalents

Total Financial Assets

Notes	Carrying Amount		Fair Value Through Profit or Loss		Fair Value
	Amortized Cost	Fair Value Through Other Comprehensive Income	Fair Value Through Profit or Loss	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.
(17)	34,042,069	-	-	34,042,069	34,042,069
	34,042,069	-	-	34,042,069	34,042,069

Financial Liabilities

Lease Liability

Trade & Other Payables

Total Financial Liabilities

Notes	Carrying Amount		Fair Value Through Profit or Loss		Fair Value
	Amortized Cost	Fair Value Through Other Comprehensive Income	Fair Value Through Profit or Loss	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.
(12.2)	3,777,508	-	-	3,777,508	3,777,508
(20)	27,203,650	-	-	27,203,650	27,203,650
	30,981,157	-	-	30,981,157	30,981,157

(28.2) Fair Value vs Carrying Amounts**As at 31st March, 2024****Financial Assets**

Cash & Cash Equivalents

Total Financial Assets

Notes	Carrying Amount		Fair Value Through Profit or Loss		Fair Value
	Amortized Cost	Fair Value Through Other Comprehensive Income	Fair Value Through Profit or Loss	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.
(17)	47,596,254	-	-	47,596,254	47,596,254
	47,596,254	-	-	47,596,254	47,596,254

Financial Liabilities

Lease liability

Trade and Other Payables

Total Financial Liabilities

Notes	Carrying Amount		Fair Value Through Profit or Loss		Fair Value
	Amortized Cost	Fair Value Through Other Comprehensive Income	Fair Value Through Profit or Loss	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.
(12.2)	3,672,290	-	-	3,672,290	3,672,290
(20)	28,326,768	-	-	28,326,768	28,326,768
	31,999,058	-	-	31,999,058	31,999,058



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, 2025

<i>Total Carrying Amount</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair Value</i>
34,042,069	-	-	34,042,069	34,042,069
34,042,069	-	-	34,042,069	34,042,069

Financial Assets measured at Fair Value

Cash and Cash Equivalents

Total Financial Assets

Financial Liabilities measured at Fair Value

Lease Liability

Trade and Other Payables

Total Financial Liabilities

<i>Total Carrying Amount</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair Value</i>
3,777,508	-	-	3,777,508	3,777,508
27,203,650	-	-	27,203,650	27,203,650
30,981,157	-	-	30,981,157	30,981,157
<i>Total Carrying Amount</i>				
47,596,254	-	-	47,596,254	47,596,254
47,596,254	-	-	47,596,254	47,596,254

Financial Assets measured at Fair Value

Cash and Cash Equivalents

Total Financial Assets

Financial Liabilities measured at Fair Value

Trade and Other Payables

Lease Liability

Total Financial Liabilities

<i>Total Carrying Amount</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair Value</i>
3,672,290	-	-	3,672,290	3,672,290
28,326,768	-	-	28,326,768	28,326,768
31,999,058	-	-	31,999,058	31,999,058

(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,

	2025	2024
	Rs.	Rs.
0-30 Days	28,856,372	28,941,025
31-60 Days	4,043,579	8,609,853
61-90 Days	-	358,549
91 - 360 Days	128,959	3,683,127
More than 360 Days	(184,954)	(189,976)
	32,843,955	41,402,578
Less : Expected Credit Loss Provision	-	-
	32,843,955	41,402,578



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 & Cash Equivalents of Rs.34,042,069 (2023/24 - Rs.47,556,835) as at 31st March, 2025 which represents its maximum credit exposure on these assets.

Company as at 31.03.2025

Assets	Gross Amount	Neither Past Due Nor Impaired	Past Due But not Impaired	Individually Impaired	Impairment Provision	Totals
Cash & Cash Equivalents	Rs. 34,042,069	-	-	-	-	Rs. 34,042,069
Total Financial Assets	34,042,069	-	-	-	-	34,042,069

Company as at 31.03.2024

Assets	Gross Total	Neither Past Due Nor Impaired	Past Due But not Impaired	Individually Impaired	Impairment Provision	Totals
Cash & Cash Equivalents	Rs. 47,596,255	-	-	-	-	Rs. 47,596,255
Total Financial Assets	47,596,255	-	-	-	-	47,596,255

(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.

Cash in hand Balances
Cash at Bank Balances,

		2025	2024
	Credit Rating	Rs.	as a %
SBI	BBB -	49,700	0.15 %
HNB	A (lka)	1,962,186	5.76 %
		32,030,183	94.09 %
		34,042,069	77.02 %



MRF LANKA (PVT) LIMITEDNOTES 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.

	Cash & Cash Equivalents	Amounts due to Related Parties	Total Credit Risk Exposure
	Rs.	Rs.	Rs.
Corporate Institutions	33,992,369	-	33,992,369
Others	49,700	11,756,991	11,806,691
Total	34,042,069	11,756,991	45,799,060

Company as at 31.03.2024
Sector Wise Breakdown

	Cash & Cash Equivalents	Amounts due to Related Parties	Total Credit Risk Exposure
	Rs.	Rs.	Rs.
Corporate Institutions	47,566,835	-	47,566,835
Others	29,420	4,270,000	4,299,420
Total	47,596,255	4,270,000	51,866,255

(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, 2025

	Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Cash & Cash Equivalents (Favourable)	34,042,069	34,042,069	-	-	-	-
As at 31st March, 2025	34,042,069	34,042,069	-	-	-	-



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH,**(30) RISK MANAGEMENT FRAMEWORK - Cont'd**

	Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>For the year ended 31st March, 2024</i>						
<u>Assets</u>						
Cash & Cash Equivalents	47,596,254	47,596,254	-	-	-	-
<i>As at 31st March, 2024</i>	47,596,254	47,596,254	-	-	-	-

(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, 2025

	Carrying Amount	On Demand	Upto 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>Liabilities</u>						
Lease Liability	3,777,508	-	384,184	914,637	452,765	1,693,501
Trade and Other Payables	27,203,650	-	27,203,650	-	-	-
<i>As at 31st March, 2025</i>	30,981,157	-	27,587,834	914,637	452,765	1,693,501

For the year ended 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.
<u>Liabilities</u>						
Lease Liability	3,672,290	-	330,987	787,990	390,072	2,163,241
Trade and Other Payables	28,326,766	-	28,326,766	-	-	-
<i>As at 31st March, 2024</i>	31,999,057	-	28,657,754	787,990	390,072	2,163,241



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.

	2025	2024
	Rs	Rs
Closing exchange rate (Spot) (LKR/USD)	296.35	301.18
Average exchange rate (LKR/USD)	297.91	305.67

(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.

	Increase / (decrease) in an exchange rate (100 basis points)		Effect on the profit before tax	
			2025	2024
			Rs	Rs
On variable rate instruments	USD (\$)	Incease 1%	52,231	17,530,516



MRF LANKA (PVT) LIMITED**NOTES 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.

	<i>31st March</i>	<i>31st March</i>
	<i>2025</i>	<i>2024</i>
Trade and Other Payables	27,203,650	28,326,768
Lease Liability	3,777,508	3,672,290
Less : Cash & Cash Equivalents	(34,042,069)	(47,596,254)
Net Debts	(3,060,912)	(15,597,196)
Equity	914,984,108	825,185,528
Equity and Net debts	911,923,196	809,588,332
Gearing Ratio	-0.34%	-1.93%



MRF LANKA (PVT) LIMITED

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

	Note	2025 Rs. Cts.	2024 Rs.
Revenue	(A)	472,210,141.23	470,797,946
Cost of Sales	(B)	<u>(364,914,597.83)</u>	<u>(373,937,617)</u>
Profit from Operations		107,295,543.40	96,860,329
Other Operating Income	(C)	18,254,060.47	17,983,036
Administration Expenses	(D)	<u>(49,215,621.79)</u>	<u>(48,010,702)</u>
Profit from Operating Activities		<u>76,333,982.08</u>	<u>66,832,663</u>
Finance Income	(E)	52,952,814.00	60,181,097
Finance Costs	(F)	<u>(1,244,146.56)</u>	<u>3,154,636</u>
Profit before Taxation		<u>128,042,649.51</u>	<u>130,168,396</u>
Income Tax Expense		<u>(38,299,620.46)</u>	<u>(40,062,419)</u>
Profit/(Loss) for the Year		<u>89,743,029.06</u>	<u>90,105,977</u>
<u>Other Comprehensive Income</u>			
(Deficit)/Surplus from Valuation of Defined Benefit Plans		79,358.03	141,826
Deferred Tax Impact on (Deficit)/Surplus of Defined Benefit Plan		<u>(23,807.41)</u>	<u>(42,548)</u>
Total Comprehensive Income/(Loss) for the Year		<u>89,798,579.68</u>	<u>90,205,255</u>



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

	2025 Rs. Cts.	2024 Rs.
(A) <u>REVENUE</u>		
Sales - Local	420,909,129.53	427,704,664
Sales - Export	51,697,843.70	43,424,782
	<u>472,606,973.23</u>	<u>471,129,446</u>
Less: Export Expenses		
Shipping Expenses	(396,832.00)	(331,500)
	<u>472,210,141.23</u>	<u>470,797,946</u>
 (B) <u>MANUFACTURING ACCOUNT</u>		
Cost of Raw Materials	270,858,301.04	272,214,021
Inventory Adjustments	12,217,162.43	19,026,196
Stock Revaluation	(6,635,623.72)	(7,298,714)
Add : Factory Salaries & Allowances	8,285,879.75	7,521,808
E.P.F.	489,755.49	442,681
E.T.F.	122,438.87	110,670
Mixing & Masticating Charges	18,496,937.60	18,771,951
Prime Cost	<u>303,834,851.46</u>	<u>310,788,613</u>
 <u>MANUFACTURING OVERHEADS</u>		
Electricity	9,807,578.00	14,224,766
Workmen - Bonus	278,031.00	330,873
Workmen Uniforms	463,477.40	386,800
Workmen Wages	23,694,296.00	20,618,521
Fuel	8,563,157.23	10,907,027
Depreciation - Building	2,014,481.06	2,238,312
Plant, Machinery & Equipment	482,652.49	557,921
Lab Equipment	26,565.72	30,858
Moulds & Dies	1,182,277.78	191,284
Consumables	4,121,966.92	3,329,681
Consumables - Tools	-	182,616
Repairs & Maintenance - Building	1,462,387.90	733,657
Repairs & Maintenance - Plant & Machinery	2,897,322.75	5,101,347
Stores & Spares - Local	416,476.84	590,413
Stores & Spares -Import	353,853.04	133,688
Repairs & Maintenance - Other Equipment	524,002.00	283,713
Engineering Consumables	2,351,621.24	979,702
Rent-Godowns	1,770,000.00	1,620,000
Insurance on Fixed assets	332,126.00	330,737
Workmen Gratuity	337,473.00	377,088
Total Manufacturing Overheads	<u>61,079,746.37</u>	<u>63,149,004</u>
 Total Cost of Sales	<u>364,914,597.83</u>	<u>373,937,617</u>



MRF LANKA (PVT) LIMITED

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

	2025 Rs. Cts.	2024 Rs.
(C) <u>OTHER OPERATING INCOME</u>		
<u>Income from Sale of Trade Goods</u>		
Sales - Local	65,228,139.46	78,393,607
Sales - Export	-	7,890,450
	<u>65,228,139.46</u>	<u>86,284,057</u>
Cost of Sales	<u>(47,322,858.76)</u>	<u>(68,721,975)</u>
Gross Profit from Sale of Trade Goods	17,905,280.70	17,562,082
Scrap Sales	348,779.77	420,954
Net Profit from Sale of Trade Goods	<u>18,254,060.47</u>	<u>17,983,036</u>
 (D) <u>ADMINISTRATION EXPENSES</u>		
Depreciation - Furniture & Fittings	46,162.80	84,045
Office Equipment	83,949.28	98,200
Computer & Printers	10,580.00	38,578
ROUA Amortization Cost	206,044.31	123,660
Audit Fee	400,000.00	250,000
Salaries	5,895,308.00	5,660,920
Bonus - Staff	281,868.50	258,766
Conveyance Subsidy	3,422,748.00	3,263,512
Other Allowances	7,868,396.00	7,258,172
Subscription	191,667.13	208,652
Staff Welfare - RO Canteen	2,165,370.00	2,076,471
E.P.F.	1,509,576.00	1,437,994
E.T.F.	377,394.00	359,499
Licence Fees	41,693.00	35,053
Insurance - Stocks	282,019.00	281,058
- Others	243,626.00	256,559
Travelling - Management	504,700.00	1,132,900
Transfer Expenses - Management Staff	-	-
Professional Charges	1,136,859.00	629,518
Printing & Stationery	404,056.69	418,841
Postages & Telegrams	222,613.00	111,249
Telephone & Telex	108,290.00	125,183
Motor Car - Running Expenses	3,854,328.00	3,554,876
Technical Fees	367,867.50	264,380



MRF LANKA (PVT) LIMITED

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

	2025	2024
	Rs. Cts.	Rs.
(D) <u>ADMINISTRATION EXPENSES (CONTD....)</u>		
Branding & Promotion	1,068,662.00	1,221,500
General Charges	3,508,448.08	4,002,626
SSCL (Social Security Contribution Levy)	9,794,101.00	10,162,078
Watch & Ward	3,573,973.00	3,147,635
Gratuity - Staff	1,224,571.50	1,128,132
Tax Computation & Return Filing Charges	47,500.00	47,500
Freight on PG- Transport	373,250.00	373,145
	<u>49,215,621.79</u>	<u>48,010,702</u>
(E) <u>FINANCE INCOME</u>		
Interest Income - Fixed Deposits	52,952,814.00	60,181,097
	<u>52,952,814.00</u>	<u>60,181,097</u>
(F) <u>FINANCE COSTS</u>		
Bank Charges	2,234,589.56	2,469,649
Lease Interest	448,424.48	477,890
Exchange Difference Fluctuations Exports	212,753.64	1,061,598
Exchange Difference Fluctuations Imports	(1,807,042.39)	(8,716,401)
Exchange Fluctuations - Transfers	155,421.27	1,552,628
	<u>1,244,146.56</u>	<u>(3,154,636)</u>

