

MRF LANKA (PVT) LIMITED

FOR THE YEAR ENDED 31ST MARCH 2026

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 2026, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including 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 2026, 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, the 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 the 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 a reasonable assurance on 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... 4th/05/2026
(LW/ST/IS)



MRF LANKA (PVT) LIMITEDSTATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

	Note	2026		2025
		Rs.	Cts.	Rs.
Revenue	(5)	451,408,676.80		472,210,142
Cost of Sales		<u>(344,289,387.39)</u>		<u>(364,914,597)</u>
Profit from Operations		107,119,289.41		107,295,545
Other Operating Income		19,036,467.72		18,254,060
Administration Expenses		<u>(53,586,777.09)</u>		<u>(49,215,622)</u>
Profit from Operating Activities	(6)	72,568,980.04		76,333,983
Finance Income	(7)	49,551,926.19		52,952,814
Finance Costs	(8)	<u>(2,580,615.83)</u>		<u>(1,244,147)</u>
Profit before Taxation		119,540,290.40		128,042,650
Income Tax Expense	(9)	<u>(36,624,278.17)</u>		<u>(38,299,620)</u>
Profit for the Year		82,916,012.23		89,743,030
<u>Other Comprehensive Income</u>				
<u>Items that will not be reclassified to Profit or Loss</u>				
Surplus/(Deficit) from Valuation of Defined Benefit Plans	(19.3)	(2,954,446.61)		79,358
Deferred Tax Impact on Surplus of Defined Benefit Plan	(13)	886,333.98		(23,807)
Other Comprehensive Income for the Year		<u>(2,068,112.63)</u>		<u>55,551</u>
Total Comprehensive Income for the Year		<u>80,847,899.60</u>		<u>89,798,581</u>
Basic Earnings Per Share	(10)	<u>2.37</u>		<u>3</u>

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



MRF LANKA (PVT) LIMITEDSTATEMENT OF FINANCIAL POSITIONAS AT 31ST MARCH,

	<i>Note</i>	2026		2025
		Rs.	Cts.	Rs.
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	(11)	21,467,203.59		23,015,962
Capital Work-In-Progress		-		1,928,163
Right-of-Use-Assets	(12.1)	4,398,115.44		3,785,955
Total Non-Current Assets		25,865,319.03		28,730,080
<u>Current Assets</u>				
Inventories	(14)	147,552,534.27		150,302,483
Trade and Other Receivables	(15)	136,753,604.52		107,499,520
Financial Assets	(16)	736,891,903.00		656,407,052
Cash and Cash Equivalents	(17)	25,248,970.82		34,042,069
Total Current Assets		1,046,447,012.61		948,251,124
Total Assets		1,072,312,331.64		976,981,204
<u>EQUITY AND LIABILITIES</u>				
<u>Capital and Reserves</u>				
Stated Capital	(18)	341,603,240.00		341,603,240
Reserves		654,228,767.49		573,380,867
Total Equity		995,832,007.49		914,984,107
<u>Non-Current Liabilities</u>				
Retirement Benefit Obligations	(19)	9,778,844.53		9,965,208
Lease Liability	(12.2)	4,041,871.28		3,393,323
Deferred Tax Liabilities	(13)	1,916,611.10		2,346,008
Total Non-Current Liabilities		15,737,326.91		15,704,539
<u>Current Liabilities</u>				
Trade and Other Payables	(20)	38,103,152.78		27,203,650
Lease Liability	(12.2)	474,814.09		384,184
Amounts Due to Related Parties	(21)	13,118,389.34		11,756,991
Income Tax Liability	(22)	9,046,641.03		6,947,733
Total Current Liabilities		60,742,997.24		46,292,558
Total Equity and Liabilities		1,072,312,331.64		976,981,204

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

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 : 4th May 2026

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



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

	<i>Stated Capital</i>		<i>Retained Earnings</i>		<i>Total</i>	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01.04.2024	341,603,240.00		483,582,288.21		825,185,528.21	
Profit for the year 2024/25		-	89,743,029.86		89,743,029.86	
<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 31.03.2025	341,603,240.00		573,380,867.89		914,984,108.69	
Profit for the Year 2025/26		-	82,916,012.23		82,916,012.23	
<i>Other Comprehensive Income / (Loss)</i> (Deficit)/Surplus on Retirement Benefit Obligations		-	(2,954,446.61)		(2,954,446.61)	
Deferred Tax Impact on Defined Benefit Plan (Deficit)/Surplus		-	886,333.98		886,333.98	
Balance as at 31.03.2026	<u>341,603,240.00</u>		<u>654,228,767.49</u>		<u>995,832,008.29</u>	

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



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

	Notes	2026 Rs.	2025 Rs.
<u>Cash Flow from Operating Activities</u>			
Profit/(Loss) before Income Tax Expenses		119,540,290	128,042,650
<u>Adjustments for,</u>			
Depreciation	(11)	4,453,021	3,846,669
Finance Cost	(8)	1,977,492	2,234,590
Amortization of Right-of-Use-Assets	(12.1)	142,688	206,044
Interest on Lease	(8)	513,918	448,424
Provision for Retirement Benefit Obligations	(19)	1,136,213	1,562,045
Operating Profit/(Loss) before Working Capital Changes		127,763,622	136,340,422
<u>Changes in Working Capital</u>			
(Increase)/Decrease in Inventories	(14)	2,749,949	(6,723,098)
(Increase)/Decrease in Debtors & Receivables	(15)	(29,254,084)	9,203,017
Increase/(Decrease) in Amounts Due to Related Parties	(21)	1,361,399	7,486,991
Increase/(Decrease) in Trade & Other Payables	(20)	10,899,503	(1,123,119)
Cash Generated From/(Used in) Operating Activities		113,520,389	145,184,213
Defined Benefit Plan Costs Paid	(19)	(4,277,022)	(146,460)
Finance Costs Paid	(8)	(1,977,492)	(2,234,590)
Income Tax Paid	(13)	(34,068,433)	(44,408,404)
Net Cash Flow From/(Used in) Operating Activities		73,197,442	98,394,759
<u>Cash Flow From/(Used in) Investing Activities</u>			
Acquisition of Property, Plant & Equipment	(11)	(2,904,263)	(6,402,790)
Capital Work-in-Progress		1,928,163	-
Net Cash Generated From/(Used in) Investing Activities		(976,100)	(6,402,790)
<u>Cash Flow From/(Used in) Financial Activities</u>			
Repayment of Lease Rentals	(12.1)	(529,589)	(460,512)
Net Cash Generated From/(Used in) Financial Activities		(529,589)	(460,512)
Net Increase/(Decrease) in Cash & Cash Equivalents		71,691,753	91,531,456
Cash & Cash Equivalents at the Beginning of the Year		690,449,121	598,917,665
Cash & Cash Equivalents at the End of the Year		762,140,874	690,449,121
<u>Analysis of Cash and Cash Equivalents</u>			
Cash at Bank	(17)	25,231,384	33,992,369
Fixed Deposit - SBI Colombo	(16)	736,891,903	656,407,052
Cash in Hand	(17)	17,587	49,700
		762,140,874	690,449,121

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



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026**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 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 Material Accounting Policy Information and Notes to the Financial Statements from page (05) to (36) form an integral part of these Financial Statements.

1.3. Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate and ultimate parent undertaking as at 31st March 2026 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 4th May 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**2.1. Statement of Compliance**

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with Material Accounting Policy Information and Notes ("Financial Statements") of MRF Lanka (Pvt) Ltd as at 31st March 2026 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 are in compliance with the requirements of the Companies Act No. 07 of 2007 and the 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, 2026

2.4. Responsibility for the Financial Statements

The Board of Directors acknowledges the responsibility for the 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, 2026****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. An 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 Board of 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 pre-measured 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 POLICY INFORMATION**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 to the functional currency according to the rate of exchange ruling at the Reporting Date. All differences are taken to the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of initial transactions.

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MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026**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 their 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, Moulds & 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) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026Cost of Valuation (Contd...)

The principal annual depreciation rates used for this purpose are:

Nature of the Assets	%	Useful Lives
Buildings	10.00%	10 yrs
Plant, Machinery & Equipment	27.82%	03yrs
Furniture and Fittings	20.00%	05 yrs
Office Equipment	20.00%	05 yrs
Lab Equipment	13.91%	07 yrs
Computers	20.00%	05 yrs
Other Equipment (Fire Extinguishers & Electrical Equipment)	13.91%	07 yrs
Moulds & Dies	40.00%	02 yrs

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, 2026

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) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2026Financial 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 Company'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 the 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 of which the objective is to hold the financial assets and collect their 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 de-recognition is recognized in profit or loss.

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

1. Trade and Other Receivables.
2. Cash and Cash Equivalents.

Cont'd...(12)



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026Financial 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 risks of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of Cash and Cash Equivalents for the purpose of the presenting statement of Cash Flows.

Impairment - Trade and Other Receivables 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) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026**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 - Retirement 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.

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

Discount Rate	10.00%
Annual Salary Increment Rate	7.45%
Staff Retirement Age	60 years

The Company recognizes all actuarial gains and losses / re-measurement components arising from defined benefit plans immediately in Other Comprehensive Income. The obligation is not externally funded.

A provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on employee benefits. 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) LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2026**3.5. TAXATION**

Income Tax comprises current and deferred taxes. Income Tax expense is recognized in the Statement of Comprehensive Income 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, 2026Revenue 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 Company 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

Accordingly, the revenue from contracts 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 the 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, 2026

3.6.2. Expenditure

3.6.2.1. Expenditure Recognition

Expenditure is recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to 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,

	2026		2025
	Rs.	Cts.	Rs.
(5) <u>REVENUE</u>			
Sales - Local	401,806,362.00		420,909,130
Sales - Export	49,819,939.67		51,697,844
	<u>451,626,301.67</u>		<u>472,606,974</u>
Less: <u>Export Expenses</u>			
Shipping Expenses		(217,624.87)	(396,832)
	<u>451,408,676.80</u>		<u>472,210,142</u>
(6) <u>OPERATING PROFIT/(LOSS)</u>			
Profit/(Loss) from operating activities before taxation is stated after charging all expenses including the following.			
Auditors' Remuneration	428,000.00		400,000
Factory (Salaries, EPF/ETF, Other Allowances)	9,034,379.98		8,898,074
Office (Salaries, EPF/ETF, Other Allowances)	17,664,966.10		15,650,674
Masticating Charges	19,487,740.17		18,496,938
Depreciation and Amortization	4,453,021.30		3,846,669
(7) <u>FINANCE INCOME</u>			
Interest Income - Fixed Deposits	49,551,926.19		52,952,814
	<u>49,551,926.19</u>		<u>52,952,814</u>
(8) <u>FINANCE COSTS</u>			
Bank Charges	1,977,492.39		2,234,590
Lease Interest	513,918.39		448,424
Exchange Difference Fluctuations Exports	(168,492.90)		212,754
Exchange Difference Fluctuations Imports	432,920.92		(1,807,042)
Exchange Fluctuations - Transfer	(175,222.97)		155,421
	<u>2,580,615.83</u>		<u>1,244,147</u>
(9) <u>TAXATION</u>			
Income Tax Provision for the Year	(9.1) 36,167,341.03		38,781,208
Deferred Tax (Provision)/Reversal for the Year	456,937.14		(481,588)
	<u>36,624,278.17</u>		<u>38,299,620</u>



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

	2026		2025
	Rs.	Cts.	Rs.
(9.1) <u>Reconciliation between Current Tax Expense & Accounting Profit</u>			
Accounting Profit	119,540,290.40		128,042,650
Investment Income - (Interest Income)	49,551,926.19		52,952,814
Aggregate Disallowable Items	7,596,249.01		7,074,191
Aggregate Allowable Items	(56,130,662.16)		(58,798,960)
Taxable Profit / (Loss)	<u>120,557,803.44</u>		<u>129,270,695</u>
Statutory Tax Rate - 30%	30%	<u>36,167,341.03</u>	<u>38,781,208</u>
Provision for the Year		<u><u>36,167,341.03</u></u>	<u><u>38,781,208</u></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 Weighted Average Number of Ordinary Shares outstanding During the Year.

Net Profit attributable to Ordinary Shareholders	80,847,899.60	89,798,581
Weighted Average Number of Shares outstanding During the Year	34,160,324.00	34,160,324
Earnings per Share (Rs.)	<u><u>2.37</u></u>	<u><u>3</u></u>



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS AT 31ST MARCH,(11) PROPERTY, PLANT & EQUIPMENT

(11.1)	Description of Assets	Opening Balance as at 01.04.2025		Additions/ Transfers from During the Year		(Disposals)/ (Transfers to) During the Year		Closing Balance as at 31.03.2026	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
	Cost								
	Building	64,992,470.00		605,000.00		-		65,597,470.00	
	Plant & Machinery	95,588,117.00		182,300.00		-		95,770,417.00	
	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	2,249,475.00		-		-		2,249,475.00	
	Computer & Printers	1,618,129.00		263,800.00		-		1,881,929.00	
	Moulds & Dies	40,132,525.00		1,853,163.00		-		41,985,688.00	
	Leasehold Property - Land	637,993.00		-		-		637,993.00	
	Total	211,238,238.00		2,904,263.00		-		214,142,501.00	

(11.2) Depreciation

Description of Assets	Opening Balance as at 01.04.2025		Charge for the Year		(Disposals) During the Year		Closing Balance as at 31.03.2026	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Building	46,862,140.06		1,873,532.96		-		48,735,673.02	
Plant & Machinery	94,282,260.49		414,001.31		-		94,696,261.80	
Lab Equipment	2,485,117.72		22,870.43		-		2,507,988.15	
Electrical Equipment	58,399.00		-		-		58,399.00	
Furniture & Fittings	3,281,204.80		17,119.33		-		3,298,324.13	
Office Equipment	1,997,555.28		77,772.00		-		2,075,327.28	
Computer & Printers	1,592,879.00		63,340.00		-		1,656,219.00	
Moulds & Dies	37,024,723.78		1,984,385.25		-		39,009,109.03	
Leasehold Property - Land	637,996.00		-		-		637,996.00	
Total	188,222,276.13		4,453,021.28		-		192,675,297.41	

(11.3) Net Book Value

Description of Assets	Net Book Value as at 31.03.2026		Net Book Value as at 31.03.2025	
	Rs.	Cts.	Rs.	Cts.
Building	16,861,796.98		18,130,329.94	
Plant & Machinery	1,074,155.20		1,305,856.51	
Lab Equipment	141,546.85		164,417.28	
Electrical Equipment	6.00		6.00	
Furniture & Fittings	13,264.87		30,384.20	
Office Equipment	174,147.72		251,919.72	
Computer & Printers	225,710.00		25,250.00	
Moulds & Dies	2,976,578.97		3,107,801.22	
	21,467,203.59		23,015,961.87	

(11.4)

During the financial year, the Company has acquired Property, Plant and Equipment to the aggregate value of Rs. 2,904,263 (2024/25 - Rs. 4,474,627). Cash payments amounting to Rs. 2,904,263 (2024/25 - Rs. 4,474,627) were made during the year for the purchase of Property, Plant and Equipment.



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, 2025 Rs. Cts.	Re-assessed During the Year Rs. Cts.	Closing Balance as at 31 st March, 2026 Rs. Cts.	Opening Balance as at 01 st April, 2025 Rs. Cts.	Charge for the Year Rs. Cts.	Re-assessed During the Year Rs. Cts.	Closing Balance as at 31 st March, 2026 Rs. Cts.
Land	4,239,320.67	754,847.98	4,994,168.65	453,365.26	142,687.95	-	4,398,115.44
Total	4,239,320.67	754,847.98	4,994,168.65	453,365.26	142,687.95	-	4,398,115.44

(12.2) LEASE LIABILITIES(12.2.1) Description

Description	Opening Balance as at 01 st April, 2025 Rs. Cts.	Facilities Obtained During the Year Rs. Cts.	Re-assessed During the Year Rs. Cts.	Interest for the Year Rs. Cts.	Re-payments/ Transferred During the Year Rs. Cts.	Closing Balance as at 31 st March, 2026 Rs. Cts.
	Lease Liability - Land	3,777,507.50	-	754,847.98	513,918.39	(529,588.50)
Total	3,777,507.50	-	754,847.98	513,918.39	(529,588.50)	4,516,685.37

Current Lease Liability
Non-Current Lease Liability

As at 31 st March, 2025	As at 31 st March, 2026
384,184	474,814.09
3,393,323	4,041,871.28
<u>3,777,507</u>	<u>4,516,685.37</u>



MRF LANKA (PVT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS 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 re-assessed the lease liability on 01st of April 2024 due to changes in future cash outflow.

2026	2025
Rs.	Rs.
142,687.95	206,044
513,918.39	448,424
<u>656,606.34</u>	<u>654,468</u>

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

Amortization Charge of Right-of-Use Assets
Interest Expense on Lease Liabilities
Total Amount Recognised in Profit or Loss

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

Non-Current Lease Liabilities
Current Lease Liabilities

4,041,871.28	3,393,323
474,814.09	384,184
<u>4,516,685.37</u>	<u>3,777,507</u>



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

	2026		2025
	Rs.	Cts.	Rs.
(13) <u>DEFERRED TAX (ASSETS)/LIABILITIES</u>			
Balance at the Beginning of the Year	2,346,007.94		2,803,789
Provision/(Reversal) for the Year - P&L	456,937.14		(481,588)
Provision/(Reversal) for the Year - OCI	(886,333.98)		23,807
Balance at the End of the Year	<u>1,916,611.10</u>		<u>2,346,008</u>
	(13.1)		
(13.1) <u>Temporary Differences</u>			
On Property, Plant & Equipment	16,286,118.99		17,776,788
Right of Use Asset	4,398,115.44		3,785,955
Lease Liability	(4,516,685.37)		(3,777,508)
On Retirement Benefit Obligation	(9,778,844.53)		(9,965,207)
	<u>6,388,704.53</u>		<u>7,820,028</u>
<u>Tax Effect @ 30%</u>			
On Property, Plant & Equipment	4,885,835.70		5,333,036
Right of Use Asset	1,319,434.63		1,135,787
Lease Liability	(1,355,005.61)		(1,133,252)
On Retirement Benefit Obligation	(2,933,653.36)		(2,989,562)
	<u>1,916,611.36</u>		<u>2,346,009</u>
(14) <u>INVENTORIES</u>			
Materials	59,082,662.18		68,569,657
Work-in-Progress	21,733,029.93		15,783,079
Finished Goods	22,202,372.72		32,697,243
Traded Goods	11,924,264.96		11,379,481
Spare Parts	13,828,824.15		13,462,590
Furnace Oil	1,278,477.00		2,724,533
Goods in Transit	13,118,389.34		-
Stock Account - Consumables	4,384,513.99		5,685,900
	<u>147,552,534.27</u>		<u>150,302,483</u>
(15) <u>DEBTORS & RECEIVABLES</u>			
Trade Debtors - Receivables from Exports	7,588,993.54		(184,954)
Trade Debtors - Local Receivables	31,650,740.09		33,028,910
Deposit Advances	34,278,185.66	(15.1)	12,919,019
Interest on Short Term Bank Deposits	38,713,534.00		39,700,331
VAT Receivable (Net)	22,036,213.73		22,036,214
Alfatek Services_R100 Spares	2,485,937.50		-
	<u>136,753,604.52</u>		<u>107,499,520</u>



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

		2026	2025
		Rs.	Rs.
		Cts.	
(15.1) <u>DEPOSITS & ADVANCES</u>			
Deposits - Electricity		1,250,000.00	1,250,000
Other Recoveries		183,550.00	339,800
EMD/Deposit Paid - From 01 July 2009		19,200.00	19,200
Advance for RM Purchase		4,000.00	4,000
Advance for Capital/Spares		1,049,599.00	378,542
Advance Others		321,694.00	65,000
Pre-Paid Expenses		310,353.00	1,076,729
Advance for Import Purchase-Posco International		30,061,631.26	9,785,748
Deposits -Port Trust		1,078,158.40	-
		<u>34,278,185.66</u>	<u>12,919,019</u>
(16) <u>FINANCIAL ASSETS</u>			
Short Term Bank Deposit - LKR		736,891,903.00	656,407,052
		<u>736,891,903.00</u>	<u>656,407,052</u>
(17) <u>CASH & CASH EQUIVALENTS</u>			
Cash at Bank - SBI Colombo LKR (ac46821)		510,427.17	1,944,561
Cash at Bank - SBI Colombo - US\$ (ac46822) \$77.13		24,218.82	17,625
Cash at Bank - HNB Dankotuwa (ac46823)		24,696,737.83	32,030,183
Cash in Hand		17,587.00	49,700
		<u>25,248,970.82</u>	<u>34,042,069</u>
(18) <u>STATED CAPITAL</u>	<i>No. of Shares</i>		
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>EMPLOYEE BENEFIT OBLIGATIONS</u>			
Retirement Benefit Obligations	(19.1)	9,778,844.53	9,965,208
		<u>9,778,844.53</u>	<u>9,965,208</u>
(19.1) <u>Movement in the Present Value of Defind Benefit Obligations (PV DBO)</u>			
Balance at the Beginning of the Year		9,965,206.53	8,628,981
Charge for the Year		498,757.74	819,346
Interest for the Year		637,455.65	742,699
Payment Made During the Year		(4,277,022.00)	(146,460)
Deficit/(Surplus) for the Year		2,954,446.61	(79,358)
Balance at the End of the Year		<u>9,778,844.53</u>	<u>9,965,208</u>



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

	Note	2026 Rs.	2025 Rs.
(19.2) <u>Amount Recognized in the Statement of Comprehensive Income</u>			
Charge for the Year - Staff		449,682.97	481,873
- Workmen		49,074.77	337,473
Interest for the Year - Staff		637,455.65	742,699
		<u>1,136,213.39</u>	<u>1,562,045</u>
(19.3) <u>Amount Recognized in Other Comprehensive Income</u>			
Deficit/(Surplus) for the Year		<u>2,954,446.61</u>	<u>(79,358)</u>
		<u>2,954,446.61</u>	<u>(79,358)</u>
(19.4) <u>Actuarial Assumptions</u>			
Discount Rate		10.00%	11.50%
Expected Rate of Salary Increase		7.45%	7.50%
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		12,648,324.60	14,357,462
Creditors - RM Purchase - Imports		11,421,696.00	(37,589)
Vendors - Stores & Spares/ Capital - Local		(46,877.65)	(46,878)
Vendor - Fuel (CPC)		-	(198,000)
Creditors - Previous Years		64,113.25	64,113
Creditors - Payables & Accruals	(20.1)	14,015,896.58	13,064,542
		<u>38,103,152.78</u>	<u>27,203,650</u>
(20.1) <u>PAYABLES & ACCRUALS</u>			
ETF		37,393.00	44,647
EPF - Employees' Contribution		149,574.00	178,588
EPF - Employer's Contribution		99,716.00	119,058
PAYE Tax		175,818.00	234,257
CESS on NR Purchases		12,880.00	79,840
WHT Payable		17,600.00	16,000
Commissioner General of IRD_SSCL Payable		979,338.00	830,048
Gihara Trading		399,157.00	-
B. R. De Silva & Co - Audit Fee		665,250.00	522,500
Provision for Bonus - 2025-26		660,000.00	630,000
Commissioner General of IRD - VAT		3,268,443.00	4,861,385
Makeeta Manpower Service Feb& Feb&Mch26		3,917,000.00	3,843,452
Ceylon Electricity Board		750,000.00	720,000
Tesco - Tea		113,025.00	131,890
Telephone - SLT /Dialog/ Lanka Bell		15,000.00	12,500



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

	Note	2026		2025
		Rs.	Cts.	Rs.
(20.1) <u>PAYABLES & ACCRUALS (Contd..)</u>				
Airsea World		375,000.00		-
Hardship Allowance - March 26		101,000.00		178,000
Rotax (Pvt) Ltd		-		10,616
Rocnal - Mixing		-		69,196
Samudhi Pre - Cured Retreads		1,261,521.67		582,565
Security - SITREC		487,714.00		-
SMB Lakshan		46,500.00		-
K A Asela		12,000.00		-
Pushpamali - Car Rental		180,000.00		-
Marasinghe - Car Rental		85,000.00		-
CIC Holdings		84,246.40		-
Semuthu		37,470.51		-
Expert Power Management		14,750.00		-
Shakthi Printers		70,500.00		-
		<u>14,015,896.58</u>		<u>13,064,542</u>
(21) <u>AMOUNTS DUE TO RELATED PARTIES</u>				
Payables to MRF Limited		<u>13,118,389.34</u>		<u>11,756,991</u>
		<u>13,118,389.34</u>		<u>11,756,991</u>
(22) <u>INCOME TAX PAYABLE</u>				
Balance at the Beginning of the Year		6,947,732.91		12,574,929
Provision for the Year		36,167,341.03		38,781,208
Income Tax Paid - Balance B/F - 2024-25		(6,947,732.91)		(12,574,929)
WHT Paid		(5,053,872.00)		(3,162,402)
Self Assessment Tax Paid 2025-26		(22,066,828.00)		(28,671,073)
Balance at the End of the Year		<u>9,046,641.03</u>		<u>6,947,733</u>



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS 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 the Directors of the Board of the Company.

(23.3.1) <u>Compensation of Key Management Personnel</u>	<u>2025 / 2026</u>	<u>2024 / 2025</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,

- The individual's domestic partner and children;
- Children of the individual's domestic partner ; and
- 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 01.04.2025 Receivable/ (Payable) Rs.	Nature of Transaction	Amount Paid / (Received) in 2025 Rs.	Balance as at 31.03.2026 Receivable/ (Payable) Rs.
	MRF Ltd, India.	Parent Compan	(11,756,991)	Purchase Cash Payment	(57,123,266) 55,761,868	(13,118,389)

(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, On the basis 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, 2026, 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 the 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>2025/26</u>	<u>2024/25</u>
	<u>Rs.</u>	<u>Rs.</u>
Within one year	552,614	460,512
Between one and five years	2,763,070	2,302,560
	<u>3,315,684</u>	<u>2,763,072</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 date of the Statement of Financial Position 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 the Reporting Date of 31st March 2026.



MRF LANKA (PVT) LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS 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, 2026Financial Assets

	Notes	Amortized Cost		Carrying Amount		Fair Value	
		Rs.		Through Other Comprehensive Rs.	Through Profit or Loss Rs.	Total Rs.	
Cash & Cash Equivalents	(17)	25,248,971		-	-	25,248,971	25,248,971
Total Financial Assets		25,248,971		-	-	25,248,971	25,248,971

Financial Liabilities

Lease Liability	(12.2)	4,516,685		-	-	4,516,685	4,516,685
Trade & Other Payables	(20)	38,103,153		-	-	38,103,153	38,103,153
Total Financial Liabilities		42,619,838		-	-	42,619,838	42,619,838

(28.2) Fair Value vs Carrying AmountsAs at 31st March, 2025Financial Assets

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

Financial Liabilities

Lease liability	(12.2)	3,777,508		-	-	3,777,508	3,777,508
Trade and Other Payables	(20)	27,203,650		-	-	27,203,650	27,203,650
Total Financial Liabilities		30,981,158		-	-	30,981,158	30,981,158



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, 2026

	Total Carrying Amount			Fair Value
	Level 1	Level 2	Level 3	
	Rs.	Rs.	Rs.	Rs.
<u>Financial Assets measured at Fair Value</u>				
Cash and Cash Equivalents	-	-	25,248,971	25,248,971
Total Financial Assets	-	-	25,248,971	25,248,971

Financial Liabilities measured at Fair Value

Lease Liability	-	-	4,516,685	4,516,685
Trade and Other Payables	-	-	38,103,153	38,103,153
Total Financial Liabilities	-	-	42,619,838	42,619,838

As at 31st March, 2025

	Total Carrying Amount			Fair Value
	Level 1	Level 2	Level 3	
	Rs.	Rs.	Rs.	Rs.
<u>Financial Assets measured at Fair Value</u>				
Cash and Cash Equivalents	-	-	34,042,069	34,042,069
Total Financial Assets	-	-	34,042,069	34,042,069

Financial Liabilities measured at Fair Value

Trade and Other Payables	-	-	27,203,650	27,203,650
Lease Liability	-	-	3,777,508	3,777,508
Total Financial Liabilities	-	-	30,981,158	30,981,158

(29.2) Transfers Between Levels of Fair Value Hierarchy

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

(28.3) Valuation Techniques and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant and unobservable Inputs used.



MRF LANKA (PVT) LIMITEDNOTES 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 the 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 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 credit risk mainly from its normal course of business in terms of individual characteristics of each customer.

The Management of Credit Risk Includes the 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 the Reporting Date was as follows:

As at 31st March,

	2026	2025
	<u>Rs.</u>	<u>Rs.</u>
0-30 Days	39,802,032	28,856,372
31-60 Days	(357,867)	4,043,579
61-90 Days	(9,977)	-
91 - 360 Days	(9,497)	128,959
More than 360 Days	<u>(184,957)</u>	<u>(184,954)</u>
	39,239,734	32,843,956
<i>Less</i> : Expected Credit Loss Provision	-	-
	<u>39,239,734</u>	<u>32,843,956</u>



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

The Company held Cash & Cash Equivalents of Rs. 25,248,971 (2024/25 - Rs. 34,042,069) as at 31st March, 2026 which represents its maximum credit exposure on these assets.

	<u>As at 31.03.2026</u>							
	<u>Gross Amount</u>	<u>Neither Past Due Nor Impaired</u>						
<u>Assets</u>								
Cash & Cash Equivalents	Rs. 25,248,971	-	-	-	-	-	Rs. 25,248,971	
<u>Total Financial Assets</u>	<u>25,248,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,248,971</u>	

As at 31.03.2025

	<u>As at 31.03.2025</u>							
	<u>Gross Total</u>	<u>Neither Past Due Nor Impaired</u>						
<u>Assets</u>								
Cash & Cash Equivalents	Rs. 34,042,069	-	-	-	-	-	Rs. 34,042,069	
<u>Total Financial Assets</u>	<u>34,042,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,042,069</u>	

(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:

		<u>2026</u>		<u>2025</u>	
		<u>Rs.</u>	<u>as a %</u>	<u>Rs.</u>	<u>as a %</u>
Cash in Hand Balances		17,587	0.07%	49,700	0.15%
Cash at Bank Balances,		534,646	2.12%	1,962,186	5.76%
	SBI				
	HNB				
	A (Ika)	24,696,738	97.81%	32,030,183	94.09%
		<u>25,248,971</u>		<u>34,042,069</u>	



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.

	As at 31.03.2026		As at 31.03.2025	
	Cash & Cash Equivalents	Amounts due to Related Parties	Cash & Cash Equivalents	Amounts due to Related Parties
<i>Sectorwise Breakdown</i>	Rs.	Rs.	Rs.	Rs.
Corporate Institutions	25,231,384	-	33,992,369	33,992,369
Others	17,587	13,118,389	49,700	11,806,691
Total	25,248,971	13,118,389	34,042,069	45,799,060
		Total Credit Risk Exposure		Total Credit Risk Exposure
		Rs.		Rs.
		25,231,384		33,992,369
		13,135,976		11,806,691
		38,367,360		45,799,060

(30.2) Liquidity Risk

Liquidity risk is the risk that the Company will not have adequate financial resources to meet its financial 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 the Reporting Dates based on contractual undiscounted payments.

	Carrying Amount	On Demand	Upto 1 Year			3 - 5 Years		Over 5 Years	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<i>For the year ended 31st March, 2026</i>									
Assets									
Cash & Cash Equivalents (Favourable)	25,248,971	25,248,971	-	-	-	-	-	-	-
As at 31st March, 2026	25,248,971	25,248,971	-	-	-	-	-	-	-



MRF LANKA (PVT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH,(30) RISK MANAGEMENT FRAMEWORK - Cont'dFor the year ended 31st March, 2025

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

(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, 2026

<u>Liabilities</u>	Carrying Amount Rs.	On Demand Rs.	Upto 1 Year Rs.	1 - 3 Years Rs.	3 - 5 Years Rs.	Over 5 Years Rs.
Lease Liability	4,516,685	-	474,814	1,130,401	559,573	1,969,600
Trade and Other Payables	38,103,153	-	38,103,153	-	-	-
As at 31 st March, 2026	42,619,838	-	38,577,967	1,130,401	559,573	1,969,600

For the year ended 31st March, 2025

<u>Liabilities</u>	Carrying Amount Rs.	On Demand Rs.	Upto 1 Year Rs.	1 - 3 Years Rs.	3 - 5 Years Rs.	Over 5 Years Rs.
Lease Liability	3,777,508	-	384,184	914,637	452,765	1,693,501
Trade and Other Payables	27,203,650	-	28,326,766	-	-	-
As at 31 st March, 2025	30,981,158	-	28,710,950	914,637	452,765	1,693,501



MRF LANKA (PVT) LIMITEDNOTES 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 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 flows.

(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's exposure to foreign exchange rate changes is minimized by positive negotiations with banks applying financial risk management techniques.

	2026	2025
	Rs	Rs
Closing exchange rate (Spot) (LKR/USD)	315.19	296.35
Average exchange rate (LKR/USD)	311.91	297.91

(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>Increase / (decrease) in an exchange rate (100 basis points)</i>	<i>Effect on the profit before tax</i>	
			2026	2025
			Rs	Rs
On variable rate instruments	USD (\$)	Incease 1%	76,336	52,231



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.

	31 st March 2026	31 st March 2025
Trade and Other Payables	38,103,153	27,203,650
Lease Liability	4,516,685	3,777,508
Less : Cash & Cash Equivalents	<u>(25,248,971)</u>	<u>(34,042,069)</u>
Net Debts	<u>17,370,867</u>	<u>(3,060,911)</u>
Equity	<u>995,832,007</u>	<u>914,984,107</u>
Equity and Net Debts	<u><u>1,013,202,875</u></u>	<u><u>911,923,197</u></u>
Gearing Ratio	1.71%	-0.34%



MRF LANKA (PVT) LIMITED

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH,

	<i>Note</i>	2026		2025
		Rs.	Cts.	Rs.
Revenue	(A)	451,408,676.80		472,210,142
Cost of Sales	(B)	<u>(344,289,387.39)</u>		<u>(364,914,597)</u>
Profit from Operations		107,119,289.41		107,295,545
Other Operating Income	(C)	19,036,467.72		18,254,060
Administration Expenses	(D)	<u>(53,586,777.09)</u>		<u>(49,215,622)</u>
Profit from Operating Activities		<u>72,568,980.04</u>		<u>76,333,983</u>
Finance Income	(E)	49,551,926.19		52,952,814
Finance Costs	(F)	<u>(2,580,615.83)</u>		<u>(1,244,147)</u>
Profit before Taxation		<u>119,540,290.40</u>		<u>128,042,650</u>
Income Tax Expense		<u>(36,624,278.17)</u>		<u>(38,299,620)</u>
Profit/(Loss) for the Year		<u>82,916,012.23</u>		<u>89,743,030</u>
<u>Other Comprehensive Income</u>				
(Deficit)/Surplus from Valuation of Defined Benefit Plans		(2,954,446.61)		79,358
Deferred Tax Impact on (Deficit)/Surplus of Defined Benefit Plan		886,333.98		(23,807)
Total Comprehensive Income/(Loss) for the Year		<u>80,847,899.60</u>		<u>89,798,581</u>



MRF LANKA (PVT) LIMITED

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

	2026		2025
	Rs.	Cts.	Rs.
(A) <u>REVENUE</u>			
Sales - Local	401,806,362.00		420,909,130
Sales - Export	49,819,939.67		51,697,844
	<u>451,626,301.67</u>		<u>472,606,974</u>
<i>Less: <u>Export Expenses</u></i>			
Shipping Expenses	(217,624.87)		(396,832)
	<u>(217,624.87)</u>		<u>(396,832)</u>
	<u>451,408,676.80</u>		<u>472,210,142</u>
(B) <u>MANUFACTURING ACCOUNT</u>			
Cost of Raw Materials	239,846,510.24		270,858,301
Inventory Adjustments	51,059.21		12,217,162
Stock Revaluation	17,477,445.09		(6,635,624)
<i>Add : Factory Salaries & Allowances</i>	8,449,316.33		8,285,880
E.P.F.	468,050.92		489,755
E.T.F.	117,012.73		122,439
Mixing & Masticating Charges	19,487,740.17		18,496,938
	<u>285,897,134.69</u>		<u>303,834,851</u>
Other Manufacturing Expenses			
Electricity	7,720,126.00		9,807,578
Workmen - Bonus	328,377.00		278,031
Workmen Uniforms	158,969.00		463,477
Workmen Wages	22,941,660.79		23,694,296
Fuel	9,128,456.10		8,563,157
Depreciation - Building	1,873,532.96		2,014,481
Plant, Machinery & Equipment	414,001.31		482,652
Lab Equipment	22,870.43		26,566
Moulds & Dies	1,984,385.27		1,822,278
Consumables	5,481,427.39		4,121,967
Repairs & Maintenance - Building	383,587.00		1,462,388
Repairs & Maintenance - Plant & Machinery	2,891,933.31		2,897,323
Stores & Spares - Local	239,131.04		416,477
Stores & Spares -Import	319,862.24		353,853
Repairs & Maintenance - Other Equipment	490,744.36		524,002
Engineering Consumables	1,499,973.73		2,351,621
Rent-Godowns	2,016,000.00		1,770,000
Insurance on Fixed Assets	448,140.00		332,126
Workmen - Gratuity	49,074.77		337,473
	<u>58,392,252.70</u>		<u>61,079,746</u>
	<u>344,289,387.39</u>		<u>364,914,597</u>



MRF LANKA (PVT) LIMITED

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

	2026		2025
	Rs.	Cts.	Rs.
(C) <u>OTHER OPERATING INCOME</u>			
<u>Income from Sale of Trade Goods</u>			
Sales - Local	54,837,226.71		65,228,139
Sales - Export	6,947,100.00		-
	<u>61,784,326.71</u>		<u>65,228,139</u>
Cost of Sales	<u>(43,129,473.52)</u>		<u>(47,322,859)</u>
Income for Sale of Trade Goods	18,654,853.19		17,905,281
Scrap Sales	381,614.53		348,780
Profit from the Sale of Trade Goods	<u>19,036,467.72</u>		<u>18,254,060</u>
(D) <u>ADMINISTRATION EXPENSES</u>			
Depreciation - Furniture & Fittings	17,119.33		46,163
Office Equipment	77,772.00		83,949
Computer & Printers	63,340.00		10,580
Lease Rentals (ROUA Amortization Cost)	142,687.95		206,044
Audit Fee	428,000.00		400,000
Salaries	5,963,463.69		5,895,308
Bonus - Staff	298,516.00		281,869
Conveyance Subsidy	3,422,091.08		3,422,748
Other Allowances	8,279,411.33		7,868,396
Subscription	341,000.57		191,667
Staff Welfare - RO Canteen	2,006,843.00		2,165,370
EPF	1,521,730.33		1,509,576
ETF	380,432.58		377,394
License Fees	258,149.11		41,693
Insurance - Stocks	356,808.00		282,019
- Others	237,831.85		243,626
Travelling - Management	885,700.00		504,700
Transfer Expenses - Management	274,375.00		-
Professional Charges	565,934.00		1,136,859
Printing & Stationery	833,453.37		404,057
Postages & Telegrams	165,570.00		222,613
Telephone & Telex	120,010.28		108,290
Motor Car - Running Expenses	4,013,854.00		3,854,328
Technical Fees	433,094.38		367,868
Branding & Promotion	1,512,315.00		1,068,662



MRF LANKA (PVT) LIMITED

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

	2026		2025
	Rs.	Cts.	Rs.
(D) <u>ADMINISTRATION EXPENSES (CONTD....)</u>			
Sales Promotion - Customers & Dealers	2,626,582.00		-
General Charges	2,766,632.42		3,508,448
SSCL (Social Security Contribution Levy)	9,482,657.00		9,794,101
Watch & Ward	4,503,939.20		3,573,973
Gratuity	1,087,138.62		1,224,572
Tax Computation & Return Filing Charges	77,575.00		47,500
Freight on FG - Transport	442,750.00		373,250
	<u>53,586,777.09</u>		<u>49,215,622</u>
(E) <u>FINANCE INCOME</u>			
Interest Income - Fixed Deposits	49,551,926.19		52,952,814
	<u>49,551,926.19</u>		<u>52,952,814</u>
(F) <u>FINANCE COSTS</u>			
Bank Charges	1,977,492.39		2,234,590
Lease Interest	513,918.39		448,424
Exchange Difference Fluctuations Exports	(168,492.90)		212,754
Exchange Difference Fluctuations Imports	432,920.92		(1,807,042)
Exchange Fluctuations - Transfers	(175,222.97)		155,421
	<u>2,580,615.83</u>		<u>1,244,147</u>

