

**PIDILITE LANKA (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 March 2026**



KPMG  
(Chartered Accountants)  
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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pidilite Lanka (private) limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Pidilite Lanka (Private) Limited (“the Company”), which comprise the statement of financial position as at March 31, 2026, and the statement of profit or loss and other 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 policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Other Information

Management is responsible for the other information. These financial statements does not include the other information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R. G. H. Raddella ACA,

W.W.J.C. Perera FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne



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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

### **Report on Other Legal and Regulatory Requirements**

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

**Chartered Accountants**

Colombo, Sri Lanka

06/05/2026

**PIDILITE LANKA (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March,*

	Note	2026 Rs.	2025 Rs.
Revenue	5	2,370,295,082	2,323,892,078
Cost of sales		(1,403,802,615)	(1,312,848,603)
<b>Gross profit</b>		<b>966,492,467</b>	<b>1,011,043,475</b>
Distribution expenses		(288,064,776)	(263,216,333)
Administrative expenses		(361,035,323)	(380,854,311)
<b>Results from operating activities</b>		<b>317,392,368</b>	<b>366,972,831</b>
Net finance income/(cost)	7	(27,699,456)	2,810,951
<b>Profit before tax expense</b>	6	<b>289,692,912</b>	<b>369,783,782</b>
Tax expense	8	(85,240,750)	(118,476,152)
<b>Profit for the year</b>		<b>204,452,162</b>	<b>251,307,630</b>
<b>Other comprehensive income/expense not to be re-classified to profit or loss in subsequent periods (net of tax)</b>			
Actuarial loss from retirement benefit obligations	20	(7,220,844)	(2,450,156)
Deferred tax reversal/(charge) on actuarial losses	21	2,166,253	(735,047)
<b>Other comprehensive expense for the year, net of tax</b>		<b>(5,054,591)</b>	<b>(3,185,203)</b>
<b>Total comprehensive income for the year</b>		<b>199,397,571</b>	<b>248,122,427</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

**PIDILITE LANKA (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

<i>As at 31 March,</i>	Note	2026 Rs.	2025 Rs.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	363,762,196	361,995,085
Capital work-in-progress	9.7	19,295,215	17,655,942
Right-of-use assets	10	74,723,704	63,728,726
Intangible assets	11	269,734,861	278,222,818
Financial assets - fair value through other comprehensive income	12	4,000,000	4,000,000
<b>Total non-current assets</b>		<u>731,515,976</u>	<u>725,602,571</u>
<b>Current assets</b>			
Inventories	13	404,823,425	418,816,995
Trade receivables	14	487,715,822	473,375,669
Other receivables	15	175,361,562	91,258,641
Amount due from related party	16	2,623,749	2,741,023
Cash and cash equivalents	17	59,301,949	54,880,976
Short term investments	18	203,082,059	194,355,098
<b>Total current assets</b>		<u>1,332,908,566</u>	<u>1,235,428,402</u>
<b>Total assets</b>		<u>2,064,424,542</u>	<u>1,961,030,972</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	19	875,318,163	875,318,163
Retained earnings		619,446,942	588,560,603
<b>Total equity</b>		<u>1,494,765,105</u>	<u>1,463,878,766</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	20	31,896,265	22,134,951
Lease liabilities	22	77,075,710	68,134,084
Deferred tax liabilities	21	74,890,683	86,122,824
<b>Total non-current liabilities</b>		<u>183,862,658</u>	<u>176,391,859</u>
<b>Current liabilities</b>			
Lease liabilities	22	15,583,965	5,102,833
Trade and other payables	23	144,468,816	82,208,683
Income tax payable	25	29,044,434	45,198,853
Amount due to related party	24	167,563,943	135,781,328
Accrued expenses		29,135,621	52,468,650
<b>Total current liabilities</b>		<u>385,796,779</u>	<u>320,760,347</u>
<b>Total liabilities</b>		<u>569,659,437</u>	<u>497,152,206</u>
<b>Total equity and liabilities</b>		<u>2,064,424,542</u>	<u>1,961,030,972</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

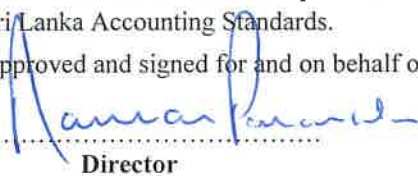
I certify that these financial statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards.

Approved and signed for and on behalf of the Board:



Director



Director

**PIDILITE LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	<b>Stated capital Rs.</b>	<b>Retained earnings Rs.</b>	<b>Total Rs.</b>
Balance as at 01 April 2024	875,318,163	491,581,329	1,366,899,492
Profit for the year	-	251,307,630	251,307,630
Other comprehensive expense, net of tax	-	(3,185,203)	(3,185,203)
Dividend Paid	-	(151,143,153)	(151,143,153)
Balance as at 31 March 2025	<u>875,318,163</u>	<u>588,560,603</u>	<u>1,463,878,766</u>
<b>Balance as at 01 April 2025</b>	<b>875,318,163</b>	<b>588,560,603</b>	<b>1,463,878,766</b>
<b>Profit for the year</b>	<b>-</b>	<b>204,452,162</b>	<b>204,452,162</b>
<b>Other comprehensive expense, net of tax</b>	<b>-</b>	<b>(5,054,591)</b>	<b>(5,054,591)</b>
<b>Dividend Paid</b>	<b>-</b>	<b>(168,511,232)</b>	<b>(168,511,232)</b>
<b>Balance as at 31 March 2026</b>	<b><u>875,318,163</u></b>	<b><u>619,446,942</u></b>	<b><u>1,494,765,105</u></b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

**PIDILITE LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**

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<i>For the year ended 31 March,</i>	<b>2026</b>	<b>2025</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cash flows from operating activities</b>		
Profit before tax expense	289,692,912	369,783,782
<i>Adjustments for:</i>		
Depreciation for property, plant and equipment	27,038,614	24,711,792
Amortization for intangible assets	8,487,955	10,814,984
Amortization for right-of-use asset	12,067,606	9,914,830
Provision for retirement benefit obligations	4,488,289	3,913,891
Provision for impairment on slow moving inventories	11,442,501	214,452
Provision/(reversal) of impairment for trade receivables	(35,356)	8,342,980
Provision of impairment for other receivables	3,368,839	-
Interest expense	13,201,370	13,867,884
Exchange Gain or Loss/ Unrealized	4,871,313	(480,025)
Market return provision	(278,243)	(2,889,456)
ESC write-off	-	563,729
<b>Operating profit before working capital changes</b>	<b>374,345,800</b>	<b>438,758,844</b>
<b>Changes in :</b>		
Inventories	2,551,069	(85,322,844)
Trade receivables	(14,304,798)	(107,946,374)
Other receivables	(87,471,760)	11,961,308
Amount due from related parties	117,274	(117,274)
Trade and other payables	62,260,133	(25,242,255)
Amount due to related parties	31,782,615	(44,381,356)
Accrued expenses	(23,054,782)	20,624,512
<b>Cash generated from operations</b>	<b>346,225,551</b>	<b>208,334,560</b>
Lease rentals paid during the year	(19,209,893)	(22,937,920)
Gratuity paid	(1,947,819)	(1,800,705)
Interest paid	(2,502,616)	(3,524,490)
Income Tax Paid	(110,461,058)	(91,933,011)
Dividend Paid	(168,511,232)	(151,143,153)
<b>Net cash generated from/(used in) operations</b>	<b>43,592,933</b>	<b>(63,004,718)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(22,688,615)	(27,735,383)
Purchase of capital work in progress	(7,756,384)	(17,655,942)
Proceeds received from/(invested in) short term investments	(8,726,962)	59,644,902
<b>Net cash used in investing activities</b>	<b>(39,171,961)</b>	<b>14,253,578</b>
<b>Cash flows from financing activities</b>		
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	4,420,972	(48,751,141)
Cash and cash equivalents at the beginning of the year	54,880,977	103,632,118
<b>Cash and cash equivalents at the end of the year</b>	<b>59,301,949</b>	<b>54,880,977</b>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Corporate Information**

**1.1 Reporting entity**

Pidilite Lanka (Private) Limited (“Company”), is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of the business are located at No 63/1, Dharmapala Mawatha, Colombo 07

**1.2 Principal activities and nature of operations**

The principal activities of the Company are manufacturing of adhesive products, importing and trading of such products, and distributing to local customers. There were no significant changes in the nature of principal business activities of the company during the financial year under review.

**1.3 Parent enterprise and ultimate parent enterprise**

The Company’s parent undertaking is Pidilite International PTE Limited, which is incorporated in Singapore as a limited liability company and ultimate parent undertaking and controlling party is Pidilite Industries Limited, which is incorporated in India.

**1.4 Number of employees**

The number of employees at the end of the year was 95. (2025 - 98)

**2. Basis for preparation**

**2.1 Statement of compliance**

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the “Accounting Standards”), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (“SLFRS”);
- Sri Lanka Accounting Standards (“LKAS”);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

**2.2 Date of authorization of issue**

The financial statements of the company for the year ended 31 March 2026 (including comparatives) were approved & authorized for issue by the Board of Directors on 29 April 2026.

**2.3 Basis of measurement**

The financial statements of the Company have been prepared on the historical cost basis except for the following material items in the statement of financial position

- Note 20 - The retirement benefit obligations are measured at the present value of the retirement benefit obligations
- Note 12 – The financial assets – Fair value through other comprehensive income at the fair value

#### **2.4 Comparative information**

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

#### **2.5 Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which the entities of the company operate.

The financial statements are presented in Sri Lankan Rupee (LKR), which are the functional currency and the company's presentation currency. All financial information presented in Rupee has been rounded to the nearest Rupee unless stated otherwise.

#### **2.6 Materiality and aggregation**

As per LKAS 01 "Presentation of Financial Statement" each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

#### **2.7 Use of estimates and judgments**

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs /LKASs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and various other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual results may differ from those estimates and judgmental decisions.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, is provided below:

##### **2.7.1 Impairment**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an appropriate interest rate to discount them. Management makes certain assumptions based on their judgment in forecasting future operating results.

##### **2.7.2 Useful lives of depreciable assets**

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment and intangible assets other than trademark.

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**2.7.3 Defined benefit obligation**

Management's estimate of the retirement benefit obligations is based on a number of critical underlying assumptions such as standard rates of mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense.

**2.7.4 Deferred taxation**

Deferred tax is recognized in statement of profit or loss and other comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to that it relates to items recognized directly in equity or other comprehensive income.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

**2.8 Going concern**

The Directors have made an assessment of the Company's ability to continue as a going concern and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of the Company.

**3. Summary of material accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Foreign currency transactions**

Transactions in foreign currencies are translated to Sri Lankan rupees the functional currency at the exchange rates at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss, except for differences arising on the re-translation of available for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**3.2 Financial instruments**

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

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**3.2.1 Financial Assets**

**3.2.1.1 Recognition and initial measurements**

The Company initially recognises "Trade Receivables" when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**3.2.1.2 Classification and subsequent measurement**

On initial recognition, the Company classifies a financial asset as measured at amortized cost; Fair Value Through Other Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Company irrevocably elected to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes equity Investments and derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;

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- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**3.2.1.3 Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**3.2.1.3 Reclassification**

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets.

**3.2.1.4 Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**3.2.2 Financial liabilities**

**3.2.2.1 Recognition and initial measurement**

The Company initially recognise financial liabilities other than debt when it becomes a party to the contractual provisions of the instrument. The Company recognise debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), net of transaction costs that are directly attributable to its issue.

The Company's financial liabilities comprise of trade payables and lease liabilities.

### **3.2.2.2 Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### **3.2.2.3 Reclassification**

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

### **3.2.2.4 Derecognition**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### **3.2.3 Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **3.2.4 Impairment**

#### **3.2.4.1 Impairment policy**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL as per the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when: the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**3.2.4.2 Measurement of ECLs**

ECL are a probability –weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Company expects to receive.)

ECL are discounted at the effective interest rate of the financial asset.

**3.2.4.3 Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

It is probable that the borrower will enter bankruptcy or other financial reorganisation

**3.2.4.4 Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**3.2.5 Write-offs**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

**3.3 Stated capital**

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

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**3.4 Property, plant and equipment**

**3.4.1 Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to the working condition for its intended use and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

All items of property, plant and equipment are recognised initially at cost.

**3.4.2 Subsequent cost**

The Company recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**3.4.3 Depreciation**

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the statement of profit or loss and comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed.

The estimated useful lives are as follows:

Building	4-10 years
Furniture and fittings	4 years
Office equipment	4 years
Factory machinery	5-10 years
Factory equipment	4-5 years

**3.4.4 Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognizing are recognized in statement of profit or loss and other comprehensive income and gains are not classified as revenue.

**3.4.5 Capital work-in-progress**

Capital expenses incurred which are not completed as at the reporting date are shown as Capital Work in Progress whilst, the Capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

### **3.5 Leases**

#### **3.5.1 As a lessee**

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the sit on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following;

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments from a change in an index or a rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

#### **3.5.2 Short term lease and leases of low value**

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

### **3.6 Intangible assets**

#### **3.6.1 Initial recognition and measurement**

The Company recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

#### **3.6.2 Subsequent costs**

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### **3.6.3 Subsequent measurement**

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses. The useful economic life of an intangible asset is assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed the requirement of impairment for intangible assets with infinite lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income.

#### **3.6.4 Intangible assets recognised by the Company**

All computer software cost incurred and licensed for use by the Company, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

The Company amortises the computer software over period of 5 years, technical knowhow over 10 years, and trademark over an infinite period.

### **3.7 Inventories**

Inventories are principally stated at cost, cost being determined by the weighted average cost ("WAC") method, which evaluates the amount of the inventories shown in the statement of financial position by writing them down based on their decrease in profitability, which is the net realizable amount.

### **3.8 Impairment – Non financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

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An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**3.8.1 Calculation of recoverable amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

**3.8.2 Reversal of impairment**

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**3.9 Liabilities and provisions**

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand of the creditor or within one year of the reporting date. Non-current liabilities are those balances that become repayable after one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

**3.10 Employee benefits**

**3.10.1 Defined contribution plans - Provident/Trust fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

The Company contributes a sum not less than 12% of the gross emoluments of employees as provident fund benefits and 3% as trust fund benefits, respectively.

**3.10.1.2 Retirement benefit obligations**

Retirement benefit obligations is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the financial position in respect of retirement benefit obligations is the present value of the defined benefit obligation at the reporting date. The retirement benefit obligations are calculated annually using the Projected Unit Credit method. The present value of the retirement benefit obligations is determined by discounting the estimated future cash flows using the interest rates that apply to the currency in which the benefit will be paid and that have terms to maturity approximating to the terms of the related liability.

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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.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in statement of profit or loss and other comprehensive income.

**3.11 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**3.12 Revenue**

Company revenue represents sales of goods to customers, and it excludes value added tax. Revenue is recognized when control of the goods has been transferred to the customers, which is mainly upon invoicing to the customer. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and taxes taking into account contractually defined terms of payment.

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

**3.13 Other income**

Other income is recognized on an accrual basis.

**3.14 Expenditure**

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit for the year.

**3.15 Finance income / (cost)**

Finance income comprises interest income on short term funds invested, and which is recognised as it accrues in comprehensive income, using effective interest method.

Finance cost comprise interest expense on corporate guarantee and lease. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gain and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in net gain or net loss position.

**3.16 Income tax expense**

Income tax expense comprises of current and deferred tax. The income tax expense is recognised in profit or loss except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

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**3.16.1 Current tax**

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**3.16.2 Deferred taxation**

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. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

**3.17 Statement of cash flows**

The statement of cash flows is reported based on the “indirect method”.

**3.18 Capital commitments and contingencies**

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company’s control.

Commitments and Contingent liabilities are disclosed in Note 28 and 29 to the financial statements.

**3.19 Related party transactions**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies and decisions of the other, irrespective of whether a price is being charged.

**3.20 Earnings per share**

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3.21 Other receivables**

Other receivables are recognized at cost less provision for bad and doubtful receivables other than trade receivables.

**3.22 Short term investment**

Short-term investments are classified as current assets. In order to mitigate settlements and operational risks related to short-term investments, the Company engages several banks with acceptable ratings for its deposits.

**3.23 Accrued expenses**

Accrued expenses accumulated for ongoing business operations have not yet been settled by the reporting date and are expected to be settled within the business operating cycle. This is to ensure that all expenses incurred by the company are recognized in the accounting period. Accrued expenses had been recognized at the best estimate of the expenditure required to settle the obligation.

**3.24 Other payables**

Other payables include salary payable, EPF payable, ETF payable, WHT payable, Bonus payable and employee death fund contribution. These payables are recorded at amounts expected to be payable at the reporting date.

**4. New accounting standards issued but not effective as at the reporting date**

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these financial statements and the Company plans to apply these standards as and when they become effective.

The following amended standards and interpretations are not expected to have a significant impact on the Company's Separate Financial Statements.

- Lack of exchangeability (Amendments to LKAS 21)
- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 & SLFRS 7)
- SLFRS 18- Presentation and Disclosure in Financial Statements

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*For the year ended 31 March,*

	2026 Rs.	2025 Rs.
<b>5 Revenue</b>		
Sales	2,553,589,461	2,508,428,464
Discounts	(183,294,379)	(184,536,386)
	<u>2,370,295,082</u>	<u>2,323,892,078</u>
<b>5.1 Timing of Revenue Recognition</b>		
Products transferred at a point in time	<u>2,370,295,082</u>	<u>2,323,892,078</u>
	<u>2,370,295,082</u>	<u>2,323,892,078</u>
<b>6 Profit before tax expense</b>		
<i>Profit before tax is stated after charging all the expenses including the followings;</i>		
License fees	15,476,382	11,297,888
Depreciation (Note 9)	27,038,614	31,591,549
Amortization (Note 10 & 11)	20,555,561	2,283,543
Auditors' remuneration	2,150,347	2,150,347
Provision for impairment on slow moving inventories (Note 13.1)	11,442,501	214,453
Provision/(reversal) of impairment for trade receivables (Note 14.1)	(35,356)	8,342,980
Staff cost (Note 6.1)	203,818,925	179,887,576
<b>6.1 Staff cost</b>		
Staff salary	72,012,424	54,581,265
Bonus	11,805,802	10,558,809
Terminal benefits	20,210,902	15,959,940
Allowances and other benefits	99,789,797	98,787,562
	<u>203,818,925</u>	<u>179,887,576</u>
<b>7 Net finance income/(cost)</b>		
<b>Finance Income</b>		
Interest on Fixed Deposits	13,661,987	13,360,966
Interest on Treasury Bills	2,445,445	2,445,445
	<u>16,107,432</u>	<u>15,806,411</u>
<b>Finance Cost</b>		
Interest for corporate guarantee	(2,502,616)	(3,524,490)
Interest on lease liability (Note 22)	(10,698,754)	(10,343,395)
Exchange gain/(loss) and other bank charges	(30,605,518)	872,425
	<u>(43,806,888)</u>	<u>(12,995,460)</u>
<b>Net Finance Income/Cost</b>	<u>(27,699,456)</u>	<u>2,810,951</u>
<b>8 Tax expense</b>		
Current tax expense (Note 8.1)	97,997,680	110,832,551
Deferred tax charge/(reversal) (Note 21)	(9,065,888)	8,207,330
Previous year over provision	(3,691,041)	-
ESC write off during the year	-	(563,729)
	<u>85,240,750</u>	<u>118,476,153</u>
In terms of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, the Company is liable for taxation at the rate of 30% on its taxable profits.		
<b>8.1 Reconciliation of accounting profit before tax and taxable income</b>		
Profit before taxation	289,692,912	369,783,782
Add: Disallowable expenses	62,844,107	69,982,315
Less: Allowable expenses	(25,878,087)	(70,324,259)
Total assessable income	<u>326,658,932</u>	<u>369,441,838</u>
Tax expense @ 30%	<u>97,997,680</u>	<u>110,832,551</u>

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*As at 31 March,*

**9 Property, plant and equipment**

	Office Equipment		Furniture & Fittings		Factory Machinery		Factory Equipment		Building		Total	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
<b>Cost</b>												
Balance as at 1 April 2025	13,129,202	17,747,150	107,326,068	132,934,644	353,140,644	624,277,708						
Additions during the year	4,875,201	959,625	16,123,089	730,700	-	22,688,615						
Transfer (Note 9.7)	-	-	639,928	(255,267)	5,732,450	6,117,111						
<b>Balance as at 31 March 2026</b>	<b>18,004,403</b>	<b>18,706,775</b>	<b>124,089,085</b>	<b>133,410,077</b>	<b>358,873,094</b>	<b>653,083,434</b>						
<b>Accumulated depreciation</b>												
Balance as at 1 April 2025	9,362,139	14,204,895	64,491,364	126,034,358	48,189,868	262,282,624						
Charge for the year	1,954,322	1,095,811	12,759,200	2,552,174	8,677,107	27,038,614						
<b>Balance as at 31 March 2026</b>	<b>11,316,461</b>	<b>15,300,706</b>	<b>77,250,564</b>	<b>128,586,532</b>	<b>56,866,975</b>	<b>289,321,238</b>						
<b>Carrying amount</b>												
Balance as at 31 March 2026	6,687,942	3,406,069	46,838,521	4,823,545	302,006,119	363,762,196						
<b>Balance as at 31 March 2025</b>	<b>3,767,063</b>	<b>3,542,255</b>	<b>42,834,704</b>	<b>6,900,286</b>	<b>304,950,776</b>	<b>361,995,084</b>						

9.1 There were no property, plant and equipment idling as at 31st March 2026 and 31st March 2025.

9.2 Property, plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 150,788,063 (2025 - Rs. 140,315,420).

9.3 There was no restriction on the title of property, plant and equipment as at 31st March 2026 and 31st March 2025.

9.4 There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2026 and 31st March 2025.

9.5 There was no capitalised borrowing cost related to the acquisition of property, plant and equipment during the financial year 2026 and 2025.

9.6 The Board of Directors has assessed the potential impairment loss on property, plant and equipment as at 31st March 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at reporting date.

**9.7 Capital work in progress**

	2026	2025
	Rs.	Rs.
Balance as at 1 April	17,655,942	4,726,805
Transfer to property plant and equipment during the year	(6,117,111)	(4,726,805)
Additions during the year	7,756,384	17,655,942
<b>Balance as at 31 March</b>	<b>19,295,215</b>	<b>17,655,942</b>

9.8 Capital work in progress balance includes the construction related to the Polgahawela factory.

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<i>As at 31 March,</i>	<b>2026</b>	<b>2025</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>10 Right-of-use assets</b>		
<b>Cost</b>		
As at 01 April	83,223,047	84,863,606
Recognized during the year	23,062,584	92,031
Disposal During the year	-	(1,732,590)
<b>As at 31 March</b>	<b>106,285,631</b>	<b>83,223,047</b>
<b>Accumulated amortization</b>		
As at 01 April	19,494,321	9,579,491
Amortization charge during the year	12,067,606	9,914,830
<b>As at 31 March</b>	<b>31,561,927</b>	<b>19,494,321</b>
<b>Net book value as at 31 March</b>	<b>74,723,704</b>	<b>63,728,726</b>

**11 Intangible assets**

	<b>Computer Systems</b>	<b>Commercial and Technical Know-How</b>	<b>Trademark</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Cost</b>				
Balance as at 01 April 2025	19,547,885	69,000,000	276,000,000	364,547,885
Additions during the year	-	-	-	-
<b>Balance as at 31 March 2026</b>	<b>19,547,885</b>	<b>69,000,000</b>	<b>276,000,000</b>	<b>364,547,885</b>
<b>Accumulated amortization</b>				
Balance as at 01 April 2025	12,703,447	64,421,622	9,200,000	86,325,069
Charge for the year	3,909,577	4,578,378	-	8,487,955
<b>Balance as at 31 March 2026</b>	<b>16,613,024</b>	<b>69,000,000</b>	<b>9,200,000</b>	<b>94,813,023</b>
<b>Carrying amount</b>				
<b>As at 31 March 2026</b>	<b>2,934,861</b>	<b>-</b>	<b>266,800,000</b>	<b>269,734,862</b>
As at 31 March 2025	6,844,438	4,578,378	266,800,000	278,222,816

11.1 The Company amortizes the intangible assets with definite useful lifetime over the periods of useful time. Accordingly, Technical Know-How over is amortized over the period of 10 years.

11.2 The Company tests the intangible assets that have indefinite useful lifetime for impairment by comparing its recoverable amount with its carrying amount annually. Accordingly, the trade mark is tested for the impairment.

11.3 There were no restrictions on the title of the intangible assets as at the reporting date. Further, there were no items pledged as securities for liabilities.

**PIDILITE LANKA (PRIVATE) LIMITED**  
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As at 31 March,

	2026 Rs.	2025 Rs.
<b>12 Financial assets - fair value through other comprehensive income</b>		
NINA Lanka Construction Technologies (Private) Limited	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
<b>12.1</b> As these investments are unquoted and have no active market from which a reliable fair value could be obtained. This fair valuation can be classified as a level 3 valuation as per SLFRS 13 - "Fair Value Measurement".		
<b>12.2</b> The Company classifies equity investments under fair value through other comprehensive income (FVOCI) in accordance with SLFRS 9. The Company designated these investments as FVOCI because these investments represent investments, that Company intends to hold for long-term strategic purposes.		
	2026 Rs.	2025 Rs.
<b>13 Inventories</b>		
Raw materials	102,786,611	98,859,286
Semi finished products	73,201,286	56,953,561
Finished goods	197,220,983	175,903,976
Goods in transit	57,256,710	84,777,508
Packing materials	23,768,722	40,286,981
Promotional materials	355,053	359,122
	<u>454,589,365</u>	<u>457,140,434</u>
(-) Provision for impairment on slow moving inventories (Note 13.1)	<u>(49,765,940)</u>	<u>(38,323,439)</u>
	<u>404,823,425</u>	<u>418,816,997</u>
<b>13.1 Provision for impairment on slow moving inventories</b>		
Balance as at 1 April	38,323,439	38,108,987
Charge for the year	11,442,501	214,453
Balance as at 31st March	<u>49,765,940</u>	<u>38,323,439</u>
<b>14 Trade receivables</b>		
Trade receivables	506,307,222	492,002,424
Provision of impairment for trade receivables (Note 14.1)	<u>(18,591,399)</u>	<u>(18,626,755)</u>
	<u>487,715,822</u>	<u>473,375,670</u>
<b>14.1 Provision of impairment for trade receivables</b>		
Balance as at 1 April	18,626,755	10,283,775
Provision/(reversal) for the year	<u>(35,356)</u>	<u>8,342,980</u>
Balance as at 31st March	<u>18,591,399</u>	<u>18,626,755</u>
<b>15 Other receivables</b>		
Advances	98,198,394	42,722,731
Pre-payments	21,768,443	27,529,277
VAT receivables	18,415,387	16,936,341
Miscellaneous	6,581,884	4,070,292
TB & PIL reimbursement	33,766,293	-
Provision of impairment for other receivables	<u>(3,368,839)</u>	<u>-</u>
	<u>175,361,562</u>	<u>91,258,641</u>
<b>16 Amount due from related party</b>		
Macbertan (Private) Limited	2,623,749	2,741,023
	<u>2,623,749</u>	<u>2,741,023</u>

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March,

	2026 Rs.	2025 Rs.
<b>17 Cash and cash equivalents</b>		
Cash at bank	59,061,977	54,289,656
Cash in hand	239,972	591,320
	<u>59,301,949</u>	<u>54,880,977</u>

17.1 The Company maintains its cash and cash equivalents and short term investments (note 18) with several reputable banking institutions, namely Sampath Bank, Standard Chartered Bank, NDB Bank, and Nations Trust Bank. All counterparties are established financial institutions with credit ratings assigned by Fitch Ratings, generally reflecting stable outlooks.

Nation Trust Bank PLC	A
Sampath Bank PLC	AA-
National Development Bank PLC	A
Standard Chartered Bank	AAA,

	2026 Rs.	2025 Rs.
<b>18 Short term investments</b>		
Fixed deposits	133,082,059	124,355,098
Treasury bills	40,000,000	40,000,000
Repo	30,000,000	30,000,000
	<u>203,082,059</u>	<u>194,355,098</u>

<b>19 Stated capital</b>		
6,892,269 Ordinary Shares	875,318,163	875,318,163
	<u>875,318,163</u>	<u>875,318,163</u>

19.1 The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meeting. All shares rank equally with regard to the Company's residual assets.

	2026 Rs.	2025 Rs.
<b>20 Retirement benefit obligations</b>		
Balance as at 01 April	22,134,951	17,571,609
Current service cost for the year	2,550,039	2,173,032
Interest cost for the year	1,938,250	1,740,859
Actuarial loss during the year	7,220,844	2,450,156
Payments made during the year	(1,947,819)	(1,800,705)
Balance as at 31 March	<u>31,896,265</u>	<u>22,134,951</u>

20.1 Messer. Universal Actuaries carried out an actuarial valuation of the defined benefit plan gratuity on 2 April 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows,

	2026	2025
Rate of discount	10.07%	10.24%
Rate of salary increment	10%	10%
Retirement age - Female (in years)	50	50
Retirement age - Male (in years)	55	55

20.2 In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. Indian Assured Lives Mortality 2012-14 was used to estimate the gratuity liability of the Company.

20.3 Average expected future working life in years is 6.56 (2025 - 3.45)

**20.4 Sensitivity Analysis - Discount rate**

Simulations made for retirement benefit obligations show that an increase or decrease by 1% of the rate of discount has the following effect on the retirement benefit obligations:

	2026		2025	
Percentage change in discount rate	1%	-1%	1%	-1%
Increase/ (Decrease) in retirement benefit obligations (Rs.)	<u>(1,260,688)</u>	<u>1,364,215</u>	<u>(543,598)</u>	<u>573,603</u>

**Sensitivity Analysis-Salary increment rate**

The sensitivity was carried for salary increment rate. Simulations made for retirement benefit obligations show that an increase or decrease by 1% of the rate of salary increment has the following effect on the retirement benefit obligations:

	2026		2025	
Percentage change in salary increment rate	-1%	1%	-1%	1%
(Decrease)/ Increase in retirement benefit obligations (Rs.)	<u>(1,272,612)</u>	<u>1,352,340</u>	<u>(549,618)</u>	<u>569,543</u>

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<i>As at 31 March,</i>	2026	2025
	Rs.	Rs.
<b>21 Deferred tax liabilities</b>		
Balance at the beginning of the year	(86,122,824)	(77,180,447)
Deferred tax reversal/(charge) during the year (Note 8)	9,065,888	(8,207,330)
Deferred tax reversal/(charge) recognized in other comprehensive income	2,166,253	(735,047)
Balance at the end of the year	<u>(74,890,683)</u>	<u>(86,122,824)</u>
<b>21.1 Deferred tax assets/(liabilities) relate to the following:</b>		
Deferred tax assets	60,369,314	47,264,770
Deferred tax liabilities	(135,259,997)	(133,387,595)
Net deferred tax liabilities	<u>(74,890,683)</u>	<u>(86,122,824)</u>
Deferred tax assets and liabilities are attributable to the following :		
	2026	2025
	Temporary differences	Temporary differences
	Tax effect	Tax effect
	Rs.	Rs.
Property, plant and equipment	(116,182,034)	(34,854,610)
Intangible assets	(259,960,919)	(77,988,276)
Righ of use asset	(74,723,705)	(22,417,111)
Retirement benefit obligations	31,896,265	9,568,880
Provision for impairment on slow moving inventories	49,765,940	14,929,782
Provision of impairment for trade receivables	18,591,399	5,577,420
Provision for market return	4,948,930	1,484,679
Provision for other receivables	3,368,839	1,010,652
Lease Liabilities	92,659,675	27,797,902
<b>Deferred tax assets</b>	<u>(249,635,610)</u>	<u>(74,890,683)</u>
	(114,402,504)	(63,728,726)
	22,134,951	6,640,485
	38,323,439	11,497,032
	18,626,755	5,588,026
	5,227,173	1,568,152
	-	-
	73,236,917	21,971,075
	<u>(287,076,081)</u>	<u>(86,122,824)</u>
<b>21.2</b> The effective rate of 30% is applied by the Company for the tax effect computation.		
	2026	2025
	Rs.	Rs.
<b>22 Lease liabilities</b>		
As at 01 April	73,236,917	87,952,026
Addition during the year	23,062,584	-
Revaluation loss/(gain) during the year	4,871,313	(2,212,615)
Interest for the year (Note 7)	10,698,754	10,343,395
Lease rentals paid during the period	(19,209,893)	(22,845,889)
As at 31 March	<u>92,659,675</u>	<u>73,236,917</u>
<b>Payable within one year</b>	15,583,965	5,102,833
<b>Payable in more than one year</b>	77,075,710	68,134,084
<b><u>Amount recognized in statement of profit or loss and other comprehensive income</u></b>		
<b>Lease under SLFRS 16</b>		
Interest on lease liabilities	10,698,754	9,342,077
<b>Amount recognized in statement of cash flows</b>		
Total cash outflows for leases	19,209,893	17,128,866
<b>23 Trade and other payables</b>		
Trade payables	119,635,138	89,743,902
Other payable	24,833,678	17,707,037
	<u>144,468,816</u>	<u>107,450,939</u>
<b>24 Amount due to related party</b>		
Pidilite Industries Ltd	167,563,943	180,162,684
	<u>167,563,943</u>	<u>180,162,684</u>
<b>25 Income tax payable</b>		
As at 01 April	45,198,853	26,299,313
Tax expense during the year	97,997,680	110,832,551
Previous year over provision	(3,691,041)	-
Tax payments during the year	(110,461,058)	(91,933,011)
As at 31 March	<u>29,044,434</u>	<u>45,198,853</u>

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**26 Related party transactions**

**26.1 Transactions with related parties**

Related party	Nature of transaction	Transaction amount		Balance as at 31 March	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Macbertan (Private) Limited	Opening balance	2,741,023	2,623,749	-	-
	Net Sales	56,640	117,274	-	-
	Settlements	(173,914)	-	-	-
	Closing Balance	-	-	2,623,749	2,741,023
Pidilite Industries Limited	Opening balance	(135,781,328)	(180,162,384)	-	-
	Trade purchases	(642,333,545)	(514,949,223)	-	-
	Settlements	618,643,719	630,059,768	-	-
	Goods in Transit	27,520,798	(36,462,699)	-	-
	Interest for corporate guarantee	(2,252,354)	(3,170,694)	-	-
	SAP license fees	(9,211,334)	(8,713,620)	-	-
	Royalty Charges	(24,149,899)	(22,382,176)	-	-
	Closing Balance	-	-	(167,563,943)	(135,781,328)

**26.2 Transactions with key management personnel**

The key management personnel of the company are the Board of Directors of the company. The Company has not paid any compensation to Directors during the year.

As at 31 March,

**27 Litigations and claims**

The Company does not have any other litigation and claim which require adjustments to or disclosure in the financial statements.

**28 Capital commitments**

The Company does not have any other significant capital commitment which require adjustments to or disclosure in the financial statements.

**29 Contingent liabilities**

The company's contingent liabilities as at the reporting date were as follow:

	2026 Rs.	2025 Rs.
Ordinary letter of credit	<u>114,566,907</u>	<u>114,650,941</u>
	<u>114,566,907</u>	<u>114,650,941</u>

**30 Events occurring after the reporting date**

Subsequent to the reporting date, no circumstances have arisen other than below which would require adjustment to or disclosure in the financial statements;

**31 Directors' responsibility**

The directors are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards.

**32 Approval of financial statements**

These financial statements will be approved by the Board of Directors and authorized for issue on 29 April 2026.

**33 Financial risk management**

**Overview**

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Currency risk
- (v) Interest risk
- (vi) Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**(iv) Interest rate risk**

Interest rate risk exists in interest-bearing liabilities, due to the possibility of a change in the liabilities' value resulting from the variability of interest rates. Since interest rate risk management has become imperative, Pidilite Lanka (Private) Limited takes proactive measures to manage the exposure by forecasting the rate fluctuations.

As at 31 March,

**33 Financial risk management (Continued)**

**(v) Currency risk**

The Company is exposed to currency risk on payable to the related parties, foreign currency accounts and supplier payments that are denominated in a currency other than the respective functional currencies of the Company, primarily the US Dollars.

As at 31 March Currency	2026			2025		
	Amount	Rate	Value Rs.	Amount	Rate	Value Rs.
USD	533,962	314	167,563,943	443,960	301	133,445,676

The Forex crisis has impacted the overall economy of the country. Company identified the potential impact on its business and the industry it is operating. Appropriate control measures were taken to continuously monitor and curtail the costs, debtors, capital expenses and the expenses for marketing and promotions. Further, company has taken multiple pricing actions to curtail the impact of forex revaluation loss. Despite all these challenges the business was able to deliver the growth on its sales and EBITDA (excluding Forex revaluation loss). Company has delivered profits at bottom line during the year. Having considered the above, management is of the view that the company has adequate resources to continue in operational existence for the foreseeable future.

**(vi) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market corporate behavior.

**(vii) Capital management**

Capital includes equity attributable to the equity holders of the parent. 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 maximize shareholder value.

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 payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the period and the Company is not subject to externally imposed capital requirements.

The Company monitors capital using a gearing ratio, which is Interest - Bearing Loans and Borrowings divided by total Equity plus Interest - Bearing Loans and Borrowings. As there is only a lease liability as a interest bearing borrowing it will be considered to arrive at the gearing ratio.

	2026 Rs.	2025 Rs.
Interest - Bearing loans and borrowings	10,698,754	10,343,395
Equity	1,494,765,105	1,463,878,766
Equity & Interest - Bearing Loans and Borrowings	1,587,424,780	1,537,115,683
<b>Gearing Ratio</b>	<b>0.67%</b>	<b>0.67%</b>

**34 Fair value disclosure**

**Fair value of financial assets and liabilities**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I : Quoted market price (unadjusted) in an active market for an identical instrument.

Level II : Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – I derived from prices. This category includes instruments valued using: quoted market prices in active market for similar instruments, quoted price for identical or similar instruments in market that are considered less than active; or other valuation techniques where all significant input are directly or indirectly observable from market data.

Level III : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable input have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted price for similar instrument where significant unobservable adjustment or assumption are required to reflect differences between the instrument.

**PIDILITE LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**34 Fair value disclosure (Continued)**

**Fair value vs the carrying amount**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows;

As at 31 March	2026		2025	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
<b>Assets</b>				
Financial assets - fair value through other comprehensive income	4,000,000	4,000,000	4,000,000	4,000,000
	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>

**34.1 Financial Instruments Carried at Fair Value and Valuation Bases**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

As at 31 March 2026	Level I	Level II	Level III	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets - fair value through other comprehensive income	-	-	4,000,000	4,000,000
	<b>-</b>	<b>-</b>	<b>4,000,000</b>	<b>4,000,000</b>

As at 31 March 2026	Level I	Level II	Level III	Total
	Rs.	Rs.	Rs.	Rs.
Financial assets - fair value through other comprehensive income	-	-	4,000,000	4,000,000
	<b>-</b>	<b>-</b>	<b>4,000,000</b>	<b>4,000,000</b>

**35 Comparative Information**

Comparative information is reclassified wherever necessary to conform with the current year's classification in order to provide better presentation.

The presentation and classification of the following comparative figures in the statement of financial position are amended, for better presentation and to be comparable with those of the current year.

As at 31 March 2026		After reclassification Rs.	Reclassification adjustment Rs.	Prior to reclassification Rs.
<b>Statement of Financial Position</b>	<b>Note</b>			
Trade receivables	14	473,375,669	1,415,079	471,960,590
Amount due from related party	16	2,741,023	(1,415,079)	4,156,102