

**V E C V LANKA (PVT) LTD**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 MARCH 2025**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF V E C V LANKA (PRIVATE) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of V E C V Lanka (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRs for SMEs).

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

#### Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

## **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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, 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 the 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 the internal control that we identified 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.

**Deloitte Associates**  
Chartered Accountants  
Colombo  
18 April 2025



**V E C V LANKA (PVT) LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2025**

		31.03.2025	31.03.2024
		Rs.	Rs.
	Note		
<b>Income</b>			
Revenue from operations	5	-	-
Other Income	6	10,046,434	22,290,431
<b>Total revenue</b>		10,046,434	22,290,431
<b>Expenses</b>			
Cost of finished goods sold		-	-
Employee benefit expense		7,668,452	5,480,596
Finance costs	7	61,140	50,860
Depreciation expense	10	115,442	126,414
Other expenses		6,520,135	4,880,402
Foreign exchange loss		519,338	680,451
<b>Total expenses</b>		14,884,507	11,218,723
Profit /(loss) before taxation	8	(4,838,073)	11,071,708
Taxation	9	-	-
<b>Profit /(loss) for the year</b>		(4,838,073)	11,071,708

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.



**V E C V LANKA (PVT) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2025**

		31.03.2025	31.03.2024
Assets	Note		Rs.
<b>Non current assets</b>			
Property, plant and equipment	10	410,825	526,267
		<u>410,825</u>	<u>526,267</u>
<b>Current assets</b>			
Inventory	11	64,383,945	-
Trade and other receivable	12	7,260,000	1,925,000
Amounts due from parent company	13	1,895,014	16,302,919
Current tax assets	14	-	-
Cash and cash equivalent	15	6,913,924	2,732,789
		<u>80,452,883</u>	<u>20,960,708</u>
<b>Total assets</b>		<u>80,863,708</u>	<u>21,486,975</u>
<b>Equity and liabilities</b>			
<b>Shareholders equity</b>			
Stated capital	16	126,816,970	126,816,970
Accumulated losses		(111,836,001)	(106,997,928)
<b>Total equity</b>		<u>14,980,969</u>	<u>19,819,042</u>
<b>Current liabilities</b>			
Other payables	17	1,498,794	1,667,933
Amounts due to parent company	18.	64,383,945	-
<b>Total current liabilities</b>		<u>65,882,739</u>	<u>1,667,933</u>
<b>Total equity and liabilities</b>		<u>80,863,708</u>	<u>21,486,975</u>

I certify that these financial statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.

.....  
**Head of Finance**  
(Manoj Kumar)

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Approved for and signed for on behalf of the Board on 18 April 2025.

.....  
**Director**  
(Jay Gopal Kalra)



.....  
**Director**  
(Simmerdeep Singh Gill)

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.

**V E C V LANKA (PVT) LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2025**

	Stated capital Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 31.03.2023	126,816,970	(118,069,636)	8,747,334
Profit for the year	=	11,071,708	11,071,708
Balance as at 31.03.2024	126,816,970	(106,997,928)	19,819,042
Loss for the year		(4,838,073)	(4,838,073)
Balance as at 31.03.2025	126,816,970	(111,836,001)	14,980,969

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.



**V E C V LANKA (PVT) LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

	Note No	31.03.2025	31.03.2024 Rs.
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation		(4,838,073)	11,071,708
<b>Adjustment for;</b>			
Depreciation	10	115,442	126,414
<b>Operating profit / (loss) before working capital changes</b>		(4,722,631)	11,198,122
(Increase ) in Inventory		(64,383,945)	-
(Increase ) in trade and other receivables		(5,335,000)	(435,963)
decrease / (Increase) in amounts due from parent company		14,407,904	(15,362,684)
(decrease) in other payable		(169,139)	(210,732)
Increase in amount payable to parent company		64,383,946	-
<b>Cash generated from/(used in) operations</b>		4,181,135	(4,811,257)
<b>Net cash flows from/(used in) operating activities</b>		4,181,135	(4,811,257)
<b>Cash flows from/(used in) investing activities</b>		-	-
<b>Net cash from/(used in) investing activities</b>		-	-
<b>Cash flows from/(used in) financing activities</b>		-	-
<b>Net cash flows from/(used in) financing activities</b>		-	-
Increase in cash and cash equivalents		4,181,135	(4,811,257)
Cash and cash equivalents at the beginning of the year		2,732,789	7,544,047
Cash and cash equivalents at the end of the year		6,913,924	2,732,790
<b>Cash and cash equivalent comprises</b>			
Cash at bank	15	6,913,924	2,732,789
		6,913,924	2,732,789

The accounting policies and notes from 1 to 22 form an integral part of these financial statements.



**VECV LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**1. Corporate information**

**1.1 Domicile and legal form**

VECV Lanka (Pvt) Ltd is a private limited liability company, incorporated and domiciled in Sri Lanka on 9th April 2013. The registered office of the company is located at 385, Level 1, The Landmark Building, Galle Road, Colombo 03.

**1.2 Principal activity and nature of operations**

The principal activity of the company is to carry on the business of import and sale of its range of commercial vehicles and spare parts to the local market. The company commenced commercial operations on 31 May 2013.

**1.3 Parent company**

The company's parent undertaking is VE Commercial Vehicles Ltd, which is incorporated and domiciled in India.

**1.4 Date of authorization for issue**

The financial statements were authorized for issue by the Board of Directors on 18th April 2025

**1.5 Comparative Financial Information**

The accounting policies have been consistently applied by the company with those of the previous financial year in accordance with Section 3 of SLFRS for SMEs - Financial statement presentation. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

**2. Basis of preparation**

**2.1 Statement of compliance**

The financial statements of the company (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise stated in the financial statements. The financial statements are presented in Sri Lanka Rupees (LKR rounded to the nearest rupee.

**2.3 Translation of foreign currency transactions**

The functional currency of the company is Sri Lankan Rupees (LKR). Transactions in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlements are recognized in profit or loss.





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**3. Significant accounting judgements estimates and assumptions**

The preparation of financial statements of the company requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

**3.1 Taxation**

The company is subject to income taxes and other taxes. Significant judgment is required to determine the total provision for current, deferred and other taxes.

The company recognises assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

**3.2 Useful life-time of the property, plant and equipment**

The company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

**3.3 Going concern**

The company has accumulated loss amounting to Rs. 111,836,001 as at the reporting date.

However, the Directors have made an assessment and are confident of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations. After considering various factors like the current and potential demand for commercial vehicles management believes it can generate profits in coming years.

During the year company has earned substantial amount of commission income from parent company by providing services to other group companies. Further, parent company has confirmed that it will provide required financial assistance to continue the business therefore it is appropriate use going concern assumption in the preparation of financial statements.

In the latter part of the current financial year government has lifted the import restrictions on vehicles as a result management expect there will be enough demand for vehicles in the future so that company can generate enough profits in coming years.



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**4. Summary of significant accounting policies**

**4.1 Revenue and expenditure recognition**

**4.1.1 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of return, trade discounts and sales taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The company has transferred significant risks and rewards of ownership of the goods to the buyer.
- The company retaining, neither a continuing managerial involvement to the degree usually associated with ownership or an effective control over the goods sold.
- The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably. associated with the transaction will flow to the entity; and

**4.1.2 Commission income**

Commission Income is recognised when the related services are provided to the related party companies.

**4.1.3 Expenditure recognition**

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit/(loss) for the period.

For the purpose of presentation of statement of comprehensive income, the Directors are of the opinion that the nature of expenses method present fairly the elements of the company's performance, hence such a presentation method is adopted.

**4.2 Current tax assets and liabilities**

**4.2.1 Tax expenses**

Income tax expense represents the sum of the tax currently payable and the deferred tax movement for the current period. The tax currently payable on the taxable profit for the year.

**4.2.2 Current tax**

Current tax for current and prior periods, is to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset, limited to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**4. Summary of significant accounting policies - (contd.)**

**4.2 Current tax assets and liabilities - (contd.)**

**4.2.3 Deferred tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be released or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

**4.3 Non financial assets**

**4.3.1 Property, plant and equipment**

**Recognition and measurement**

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, using the straight-line method. The following useful lives are used for the depreciation of property, plant and equipment:

Category of asset	Depreciation rate %
Office equipment	17.39%-37.5%
Furniture and fittings	8.28%
Computer equipment	7.5% - 41.38%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognized in profit or loss, and included in "other income" or "other operating expenses".



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**4. Summary of significant accounting policies - (contd.)**

**4.3 Non financial assets - (contd.)**

**4.3.1 Property, plant and equipment - (contd.)**

**Impairment of non-financial assets**

At each reporting date property, plant and equipment, is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss for a non-financial asset other than goodwill subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**4.4 Inventories**

Stock-in-trade is valued at the lower of cost and net realizable value. Cost of inventories are determined based on actual cost and inventory handling charges.

**4.5 Financial assets**

Receivables are initially recognized at the transaction price. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

**4.6 Financial liabilities**

Financial liabilities are initially recognized at the transaction price (including transaction costs). Interest bearing liabilities are subsequently measured at the amortized cost using the effective interest rate method.

**4.7 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, and deposits in bank net of outstanding bank overdrafts.

**4.8 Stated capital**

Ordinary shares are classified as equity.

**4.9 Liabilities and provisions**

All known liabilities as at the reporting date have been provided in the preparation of the financial statements.



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**



**4. Summary of significant accounting policies - (contd.)**

**4.10.1 Defined contribution plan – Employees’ Provident Fund and Employees’ Trust Fund**

All employees (excluding expatriate employees) are eligible to Employees’ Provident Fund Contributions and Employees’ Trust Fund Contribution in line with the respective statutes and regulations. The company contributes 12% of gross emoluments of employees to an approved Provident Fund and 3% of gross emoluments of employees to the Employees’ Trust Fund.

**4.10.2 Provisions**

Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

**4.11 Impairment of assets**

At each reporting date, the company assesses whether there is any indications that any asset (property, plant and equipment) may be impaired. If there is an indications of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to its selling price less cost to complete and sell, and an impairment loss is recognized immediately in the profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (selling price less cost to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

**4.12 Commitments and contingencies**

All discernible risks are accounted for in determining the amount of all known liabilities. The contingencies and capital commitments for which the company is liable severally or otherwise is also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by the uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the statement of financial position but are disclosed in the financial statements.

**4.13 Events after the reporting period**

All material events after the reporting date are considered and where necessary adjustments are made in the financial statements.

**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

	31.03.2025	31.03.2024 Rs.
<b>5. Revenue from operations</b>		
Sale of goods	-	-
Incentives from VE Commercial Vehicles Ltd	-	-
	<u>-</u>	<u>-</u>
<b>6. Other income</b>		
Commission	10,046,434	22,290,431
	<u>10,046,434</u>	<u>22,290,431</u>
<b>7. Finance expense</b>		
Bank charges	61,140	50,860
	<u>61,140</u>	<u>50,860</u>
<b>8. Profit before taxation</b>		
The profit before taxation is stated after charging all expenses including the following:		
Salaries	920,053	851,903
Employees provident fund	110,411	102,230
Employees trust fund	27,601	25,559
Cost of living and other allowance	1,274,603	1,134,081
Auditors remuneration	250,425	238,500
Depreciation	115,442	126,414
Legal and professional charges	1,008,407	635,546
	<u>-</u>	<u>-</u>



**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**9. Taxation**

Provision for the period (Note 9.1)  
Deferred tax (Note 9.2)


**9.1 A reconciliation between tax expenses and the product of accounting loss multiplied by the applicable tax rate:**

	31.03.2025 Rs.	31.03.2024 Rs.
Accounting profit / (loss) as per income tax computation	(4,838,070)	11,071,708
Tax at the applicable tax rate of 30% ( 2024/25 -30% )	(1,451,421)	3,321,512
Tax effect on expenses that are not deductible in determining taxable profits	1,737,558	1,009,269
Tax effect on expenses that are deductible in determining taxable profits	-	-
Brought forward tax losses claimed during the year	(286,137)	(4,330,781)
Tax effect on adjusted taxable losses carried forward to the next year	-	-
Income tax expenses at the effective income tax rate	-	-
Statutory tax rate	30%	30%

**9.2 Deferred tax**

The gross movement on the deferred income tax account is as follows:

Balance at the beginning of the period

Origination / (reversal) of temporary differences

Balance at the end of the period


**Deferred tax asset comprises of :**

Accelerated depreciation for tax purposes

Adjusted carried forward tax losses as per tax computation

**Net deferred tax assets**

(123,247)	(157,880)
18,237,308	26,417,711
18,114,061	26,259,831

**Net unrecognised deferred tax assets due to an uncertainty on future taxable profits**

**Net recognised deferred tax assets**

(18,114,061)	(26,259,831)
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**Tax rate used**

30%	30%
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**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2025**

**10. Property, plant and equipment**

	Computer equipment Rs.	Office equipment Rs.	Furniture & fixtures Rs.	Total Rs.
<b>Cost</b>				
Balance as at 31.03.2023	2,262,192	124,635	1,494,097	3,880,924
Additions during the year	-	-	-	-
Balance as at 31.03.2024	2,262,192	124,635	1,494,097	3,880,924
Additions during the year	-	-	-	-
Balance as at 31.03.2025	2,262,192	124,635	1,494,097	3,880,924
<b>Accumulated depreciation</b>				
Balance as at 31.03.2023	2,220,521	111,066	896,656	3,228,243
Depreciation during the year	26,333	1,872	98,209	126,414
Balance as at 31.03.2024	2,246,854	112,938	994,865	3,354,657
Depreciation during the year	15,338	1,895	98,209	115,442
Balance as at 31.03.2025	2,262,192	114,833	1,093,074	3,470,099
<b>Net book value</b>				
Written down value as at 31.03.2025	(0)	9,802	401,023	410,825
Written down value as at 31.03.2024	15,338	11,697	499,232	526,267





**V E C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2025**

	31.03.2025	31.03.2024
	Rs.	Rs.
<b>11. Inventory</b>		
Good In transit	64,383,945	-
	<u>64,383,945</u>	<u>-</u>
<b>12. Trade and other receivable</b>		
Rent advances and deposit	7,260,000	1,925,000
Other receivables	472,257	472,257
Impairment provision	(472,257)	(472,257)
	<u>7,260,000</u>	<u>1,925,000</u>
<b>13. Amounts due from parent company</b>		
VE Commercial Vehicles Ltd	1,895,014	16,302,919
	<u>1,895,014</u>	<u>16,302,919</u>
The above balance is receivable on demand and free of interest		
<b>14. Current tax assets</b>		
Balance at the beginning of the period	-	-
Provision for the period	-	-
Tax credits : Economic service charges	180,845	180,845
Impairment Provision	(180,845)	(180,845)
Balance at the end of the period	<u>-</u>	<u>-</u>
<b>15. Cash and cash equivalent</b>		
Bank balance	6,913,924	2,732,789
	<u>6,913,924</u>	<u>2,732,789</u>
Bank overdraft	<u>-</u>	<u>-</u>
<b>16. Stated capital</b>		
Issued and fully paid-		
12,681,697 number of ordinary shares fully paid	<u>126,816,970</u>	<u>126,816,970</u>



**VE C V LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2025**



	31.03.2025	31.03.2024
	Rs.	Rs.
<b>17. Other payables</b>		
Pay as you earn taxes	348,853	906,873
Sundry creditors	394,937	151,947
Accrued expenses	755,004	609,113
	<u>1,498,794</u>	<u>1,667,933</u>
<b>18. Amounts due to parent company</b>		
VE Commercial Vehicles Ltd	64,383,945	-
	<u>64,383,945</u>	<u>-</u>

Above amount payable to related party is free on interest and payable on demand.

**19. Capital commitments and contingent liabilities**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in Section 21 on 'Provisions, contingent liabilities and contingent assets'. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless its occurrence is remote.

There were no material capital commitments and/or contingent liabilities as at the reporting date, which required adjustments to or disclosures in the financial statements except the following :

- Maturity profile of operating lease:	31.03.2025	31.03.2024
within 1 year	8,872,300	1,625,000
1 to 5 years	8,613,200	390,000

**20. Events after the reporting period**

There were no significant events after the reporting period that require adjustments to or disclosure in the financial statements.

**21. Disclosure on current economic crisis**

The depletion of foreign reserves has put restrictions on imports and affected supplies. Company had to cease its operations due to government restrictions on the import of vehicles however latter part of the financial year government has removed the restrictions on vehicle imports As a result company has ordered its first vehicle shipment from its parent company worth of LKR 64,383,945 which is still intrasit as of 31 March 2025. With the import restrictions being removed management expect it can generate profits from its main operations in the coming years.

**VECV LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. Related party disclosures**

**22.1 Transactions with key management personnel**

Related parties include key managerial personnel defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the company and its related companies. Such key managerial persons include the Board of Directors of the company.

Compensation to key management personnel are as follows:

	2024/2025 Rs.	2023/2024 Rs.
Short term employee	-	-

**22.2 During the period the company had the following transactions with the related parties at agreed commercial terms**

Related Party	Nature of Relationship	Nature of Transaction	Transaction Value (Rs.) 2024/ 2025	Transaction Value (Rs.) 2023/ 2024
		Purchase of finished	64,383,945	-
		Reimbursement of warranty claims incurred	2,639,826	59,208
VE Commercial Vehicles Ltd.	Parent Company	Sharing of expenses	8,411,466	7,139,139
		Reimbursement of TDS	4,606,868	6,288,859
		Commission income	10,046,434	22,290,431



**V E C V LANKA (PVT) LTD**

**DETAILED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

**V E C V LANKA (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

	31.03.2025	31.03.2024
	Rs.	Rs.
<b>1. Cost of finished goods sold</b>		
Inventories at the beginning of the period		-
Add: purchases during the year / period		-
Less: inventories at the end of the period		-
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
<b>2. Employee benefits expense</b>		
Salaries	920,053	851,903
Employees Provident Fund	110,411	102,230
Employees Trust Fund	27,601	25,559
Pay as you earn taxes	4,975,784	3,005,404
Other allowance	1,274,603	1,134,081
Conveyance allowance	360,000	361,419
	<u>7,668,452</u>	<u>5,480,596</u>
<b>3. Other expenses</b>		
Staff welfare	322,180	288,147
Water charges	27,874	38,066
Rates and taxes	233,426	198,126
Computer accessories	22,000	45,990
Courier charges	10,567	10,352
Electricity	492,627	595,673
Printing and stationery	40,935	40,766
Data communication	80,662	72,278
Conveyance expenses	264,434	247,854
Telephone charges	38,838	38,280
Mobile phone charges	90,578	57,951
Rent	2,971,821	2,079,000
Legal and professional charges	1,008,407	635,546
Insurance	47,813	223,867
Auditors remuneration	250,425	238,500
Sales promotion	557,197	25,000
Business promotion	23,000	4,020
Warranty goodwill	37,351	40,986
	<u>6,520,135</u>	<u>4,880,402</u>



**V E C V LANKA (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**AT AS 31 MARCH 2025**

	31.03.2025	31.03.2024
	Rs.	Rs.
<b>4. Accrued expenses</b>		
Employees Provident Fund	15,334	14,198
Employees Trust Fund	2,300	2,130
Water and sewage	2,050	3,279
Telephone	2,840	2,840
Data communication	6,140	4,866
Professional fees	253,165	173,448
Auditors remuneration	250,425	238,500
Warranty claims	-	63,836
Cellular phone expenses	8,000	6,000
Conveyance expenses	-	1,600
Staff welfare	-	12,200
Fuel charges	-	16,000
Stamp fee	1,250	975
Electricity payable	-	69,240
Rent	213,500	-
	<u>755,004</u>	<u>609,113</u>

