

V E C V LANKA (PRIVATE) LIMITED
FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED
31 MARCH 2026

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 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2026, 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

Deloitte Associates

Chartered Accountants

Colombo

23 April 2026



V E C V LANKA (PVT) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2026

		31.03.2026 Rs.	31.03.2025 Rs.
Income	Note		
Revenue from operations	5	2,118,295,174	-
Other income	6	<u>1,675,772</u>	<u>10,046,434</u>
Total revenue		2,119,970,946	10,046,434
Expenses			
Cost of finished goods sold		1,793,414,471	-
Employee benefit expense		5,353,760	7,668,452
Finance costs	7	14,621,902	61,140
Depreciation expense	10	100,059	115,442
Other expenses		158,724,606	6,520,135
Foreign exchange (gain)/loss		(6,559,419)	519,338
Total expenses		<u>1,965,655,379</u>	<u>14,884,507</u>
Profit / (loss) before taxation	8	<u>154,315,565</u>	<u>(4,838,073)</u>
Taxation	9	(28,765,466)	-
Profit / (loss) for the year		<u>125,550,099</u>	<u>(4,838,073)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>125,550,099</u></u>	<u><u>(4,838,073)</u></u>

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.



V E C V LANKA (PVT) LTD
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 MARCH 2026

Assets	Note	31.03.2026 Rs.	31.03.2025 Rs.
Non current assets			
Property, plant and equipment	10	310,766	410,825
		<u>310,766</u>	<u>410,825</u>
Current assets			
Inventory	11	261,503,497	64,383,945
Trade and other receivable	12	572,458,791	7,260,000
Amounts due from related parties	13	1,156,668	1,895,014
Cash and cash equivalent	15	-	6,913,924
		<u>835,118,956</u>	<u>80,452,883</u>
Total assets		<u>835,429,722</u>	<u>80,863,708</u>
Equity and liabilities			
Shareholders equity			
Stated capital	16	126,816,970	126,816,970
Retained earnings/(Accumulated losses)		13,714,098	(111,836,001)
Total equity		<u>140,531,068</u>	<u>14,980,969</u>
Current liabilities			
Other payables	17	130,689,524	1,498,794
Amounts due to related parties	18	202,449,258	64,383,945
Current tax liability	14	28,765,466	-
Bank overdraft	15	332,994,405	-
Total current liabilities		<u>694,898,653</u>	<u>65,882,739</u>
Total equity and liabilities		<u>835,429,722</u>	<u>80,863,708</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
 (Pranav Kakkar)

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 17 April 2026.


Director
 (Jay Gopal Kalra)


Director
 (Simmerdeep Singh Gill)

The accounting policies and notes from 1 to 21 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 2026

	Stated capital Rs.	Accumulated losses/ Retained earnings Rs.	Total Rs.
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
Profit for the year	-	125,550,099	125,550,099
Balance as at 31.03.2026	126,816,970	13,714,098	140,531,068

The accounting policies and notes from 1 to 21 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 2026

	Note No	31.03.2026 Rs.	31.03.2025 Rs.
Cash flows from operating activities			
Profit / (loss) before taxation		154,315,565	(4,838,073)
Adjustment for;			
Interest expense	7	10,953,435	-
Depreciation expense	10	100,059	115,442
Operating profit / (loss) before working capital changes		165,369,060	(4,722,631)
(Increase) / decrease in inventory		(197,119,552)	(64,383,945)
(Increase) / decrease in trade and other receivables		(565,198,791)	(5,335,000)
(Increase) / (decrease) in amounts due from related parties		738,346	14,407,904
Increase / (decrease) in other payable		129,190,730	(169,139)
Increase / (decrease) in amounts due to related parties		138,065,314	64,383,946
Cash generated from /(used in) operations		(328,954,893)	4,181,135
 Interest paid	7	(10,953,435)	-
Net cash flows from operating activities		(339,908,329)	4,181,135
 Cash flows from investing activities			
Net cash from investing activities		-	-
 Cash flows from financing activities			
Net cash flows from financing activities		-	-
 Increase in cash and cash equivalents		(339,908,329)	4,181,135
Cash and cash equivalents at the beginning of the year		6,913,924	2,732,789
Cash and cash equivalents at the end of the year		(332,994,405)	6,913,924
 Cash and cash equivalent comprises			
Cash at bank	15	(332,994,405)	6,913,924
		(332,994,405)	6,913,924

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.



VECV LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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 17 April 2026.

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 2026

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 management is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and no significant impact was assessed on carrying amounts of assets and liabilities thereby justifying adoption of the going concern basis in preparing these financial statements.



V E C V LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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 2026

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 2026

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. The Cost of inventory includes 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 2026

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 2026

	31.03.2026 Rs.	31.03.2025 Rs.
5. Revenue from operations		
Sale of goods	2,118,295,174	-
	<u>2,118,295,174</u>	<u>-</u>
6. Other income		
Commission	1,675,772	10,046,434
	<u>1,675,772</u>	<u>10,046,434</u>
7. Finance expense		
Bank charges	3,668,467	61,140
OD interest	10,953,435	-
	<u>14,621,902</u>	<u>61,140</u>
8. Profit before taxation		
The profit before taxation is stated after charging all expenses including the following:		
Salaries	1,048,861	920,053
Employees provident fund	125,868	110,411
Employees trust fund	31,464	27,601
Cost of living and other allowance	1,511,239	1,274,603
Auditors remuneration	385,028	250,425
Depreciation	100,059	115,442
Legal and professional charges	790,382	1,008,407



V E C V LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	31.03.2026 Rs.	31.03.2025 Rs.
9. Taxation		
Provision for the period (Note 9.1)	28,765,466	-
Deferred tax (Note 9.2)	-	-
	<u>28,765,466</u>	<u>-</u>
9.1 A reconciliation between tax expenses and the product of accounting loss multiplied by the applicable tax rate:		
	31.03.2026 Rs.	31.03.2025 Rs.
Accounting profit / (loss) as per income tax computation	154,315,565	(4,838,070)
Tax at the applicable tax rate of 30% (2024/25 -30%)	46,294,670	(1,451,421)
Tax effect on expenses that are not deductible in determining taxable profits	708,105	1,737,558
Tax effect on expenses that are deductible in determining taxable profits	-	-
Brought forward tax losses claimed during the year	(18,237,308)	(286,137)
Income tax expenses at the effective income tax rate	<u>28,765,466</u>	<u>-</u>
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	<u>-</u>	<u>-</u>
Deferred tax asset comprises of :		
Accelerated depreciation for tax purposes	-	(123,247)
Adjusted carried forward tax losses as per tax computation	-	18,237,308
Net deferred tax assets	<u>-</u>	<u>18,114,061</u>
Net unrecognised deferred tax assets due to an uncertainty on future taxable profits	-	(18,114,061)
Net recognised deferred tax assets	-	-
Tax rate used	30%	30%



V E C V LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

10. Property, plant and equipment

	Computer equipment Rs.	Office equipment Rs.	Furniture & fixtures Rs.	Total Rs.
Cost				
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
Additions during the year	-	-	-	-
Balance as at 31.03.2026	2,262,192	124,635	1,494,097	3,880,924
Accumulated depreciation				
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	114,832	1,093,073	3,470,099
Depreciation during the year	(0)	1,849	98,211	100,059
Balance as at 31.03.2026	2,262,192	116,681	1,191,284	3,570,158
Net book value				
Written down value as at 31.03.2026	-	7,954	302,813	310,766
Written down value as at 31.03.2025	-	9,803	401,024	410,825



V E C V LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	31.03.2026	31.03.2025
	Rs.	Rs.
11. Inventory		
Inventories	59,790,594	-
Good In transit	201,712,903	64,383,945
	<u>261,503,497</u>	<u>64,383,945</u>
12. Trade and other receivable		
Trade receivable	567,883,791	-
Rent advances and deposit	4,575,000	7,260,000
Other receivables	472,257	472,257
Impairment provision	(472,257)	(472,257)
	<u>572,458,791</u>	<u>7,260,000</u>
13. Amounts due from related parties		
VE Commercial Vehicles Ltd	1,156,668	1,895,014
	<u>1,156,668</u>	<u>1,895,014</u>
The above balance is receivable on demand and free of interest		
14. Current tax asset/(liability)		
Balance at the beginning of the period	-	-
Provision for the period	(28,765,466)	-
Tax credits : Economic service charges	180,845	180,845
Impairment Provision	(180,845)	(180,845)
Balance at the end of the period	<u>(28,765,466)</u>	<u>-</u>
15. Cash and cash equivalent		
Bank balance	-	6,913,924
	<u>-</u>	<u>6,913,924</u>
Bank overdraft	(332,994,405)	-
	<u>(332,994,405)</u>	<u>-</u>
16. Stated capital		
Issued and fully paid-		
12,681,697 number of ordinary shares fully paid	126,816,970	126,816,970

V E C V LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	31.03.2026	31.03.2025
	Rs.	Rs.
17. Other payables		
Pay as you earn taxes	232,823	348,853
Sundry creditors	3,649,029	394,937
Accrued expenses	99,126,409	755,004
VAT Payable	19,026,058	-
SSCL Payable	8,655,204	-
	<u>130,689,524</u>	<u>1,498,794</u>
18 Amounts due to related parties		
VE Commercial Vehicles Ltd	202,449,258	64,383,945
	<u>202,449,258</u>	<u>64,383,945</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:	31.03.2026	31.03.2025
within 1 year	10,907,925	6,968,582
1 to 5 years	672,167	6,655,068
- Outstanding letters of credit	216,977,060	-

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.



V E C V LANKA (PVT) LTD
NOTES TO THE FINANCIAL STATEMENTS
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21 Related party disclosures

21.1 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:

	2025/2026 Rs.	2024/2025 Rs.
Short term employee benefits	-	-

21.2 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.) 2025/ 2026	Transaction Value (Rs.) 2024/ 2025
		Purchase of finished goods	1,758,965,405	64,383,945
		Reimbursement of warranty claims incurred on behalf of parent	965,135	2,639,826
VE Commercial Vehicles Ltd.	Parent Company	Sharing of expenses	5,524,794	8,411,466
		Reimbursement of TDS expenses	1,028,307	4,606,868
		Commission income	1,675,772	10,046,434



V E C V LANKA (PRIVATE) LIMITED

**DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

V E C V LANKA (PVT) LTD
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	31.03.2026 Rs.	31.03.2025 Rs.
1. Cost of finished goods sold		
Inventories at the beginning of the period	-	-
Add: purchases during the year	1,853,205,065	-
Less: inventories at the end of the period	(59,790,594)	-
	<u>1,793,414,471</u>	<u>-</u>
2. Employee benefits expense		
Salaries	1,048,861	920,053
Employees Provident Fund	125,868	110,411
Employees Trust Fund	31,464	27,601
Pay as you earn taxes	2,096,328	4,975,784
Other allowance	1,511,239	1,274,603
Conveyance allowance	540,000	360,000
	<u>5,353,760</u>	<u>7,668,452</u>
3. Other expenses		
Staff welfare	567,481	322,180
Water charges	31,833	27,874
Rates and taxes	598,827	233,426
Computer accessories	44,950	22,000
Courier charges	17,077	10,567
Electricity	312,186	492,627
Printing and stationery	72,382	40,935
Data communication	49,945	80,662
Conveyance expenses	479,698	264,434
Telephone charges	35,015	38,838
Mobile phone charges	116,655	90,578
Rent	13,268,897	2,971,821
Legal and professional charges	790,382	1,008,407
Insurance	1,227,560	47,813
Auditors remuneration	385,028	250,425
Sales promotion	7,747,825	557,197
Business promotion	59,150	23,000
Depot handling charges	6,414,098	-
Warranty goodwill	-	37,351
Boarding & lodging	70,743	-
Transit damage expenses	981,005	-
Dealer incentives	2,495,000	-
Post Delivery cost	122,958,869	-
	<u>158,724,606</u>	<u>6,520,133</u>



V E C V LANKA (PVT) LTD
DETAILED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	31.03.2026	31.03.2025
	Rs.	Rs.
4. Accrued expenses		
Employees Provident Fund	17,481	15,334
Employees Trust Fund	2,622	2,300
Water and sewage	3,249	2,050
Telephone	14,000	2,840
Data communication	4,866	6,140
Professional fees	268,678	253,165
Auditors remuneration	385,028	250,425
Cellular phone expenses	-	8,000
Conveyance expenses	2,300	-
Staff welfare	10,210	-
Fuel charges	39,526	-
Stamp fee	3,375	1,250
Electricity payable	29,915	-
Rent	247,935	213,500
Depot handling charges	1,531,005	-
Incentives-vehicle	1,935,000	-
Vehicle repair	29,400	-
Rates & Taxes-Others / Provision for - (Custom refund / TDS)	122,461	-
PDI cost payable	89,844,319	-
Promotion expenses	4,635,038	-
	<u>99,126,409</u>	<u>755,004</u>

