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Colombo 02  
Sri Lanka

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF MAHINDRA IDEAL FINANCE LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the Financial Statements of Mahindra Ideal Finance Limited (the "Company"), which comprise the statement of financial position as at 31st March 2025 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements including a summary of material accounting policy information as set out on pages 05 to 55.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2025 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

**Basis for Opinion**

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

**Other Matter**

The Financial Statements of Mahindra Ideal Finance Limited for the year ended 31st March 2024 were audited by another auditor who expressed an unmodified opinion on those Financial Statements on 18th April 2024.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above, when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or whether it 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 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.

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 the Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats, or safeguards applied.

**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.

*BDO Partners*

**CHARTERED ACCOUNTANTS**

**Colombo 02**

**18<sup>th</sup> April 2025**

**HSR/cc**

Partners: Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasaniĳa Rathnaweera FCA, ACMA, F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons) (Colombo), CTA, Attorney at Law, Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

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**Mahindra Ideal Finance Limited**

**Key Financial Data for the year ended 31<sup>st</sup> March 2025 (Audited)**

In Rupees Million	Current Period		Previous Period	
	From 01/04/2024 To 31/03/2025	As a % of Interest Income	From 01/04/2023 To 31/03/2024	As a % of Interest Income
Interest Income	2,444	100%	2,154	100%
Interest Expenses	(1,109)	-45%	(1,062)	-49%
<b>Net Interest Income</b>	<b>1,335</b>	<b>55%</b>	<b>1,092</b>	<b>51%</b>
Gains / (losses) from trading activities	-	-	-	-
Other Income	296	12%	155	7%
Operating Expenses (excluding Impairment)	(1,124)	-46%	(963)	-45%
Impairment	(74)	-3%	50	2%
<b>Profit/ (Loss) Before Tax</b>	<b>433</b>	<b>18%</b>	<b>334</b>	<b>16%</b>
Taxes	(288)	-12%	(231)	-11%
<b>Profit/ (Loss) After Tax</b>	<b>145</b>	<b>6%</b>	<b>103</b>	<b>5%</b>

**Key Financial Data as at 31st March 2025 (Audited)**

In Rupees Million	As at 31/03/2025	As a % of Total Assests	As at 31/03/2024	As a % of Total Assests
<b>Assets</b>				
Cash and Bank Balance	329	2%	1,468	12%
Government Securities	1,249	7%	1,819	14%
Due from related parties	3	0%	22	0%
Loans (excluding Due from Related Parties)	14,800	86%	8,521	67%
Investment in Equity	-	-	-	-
Property, Plant and Equipment	619	4%	577	5%
Other Assets	131	1%	243	2%
<b>Total Assets</b>	<b>17,131</b>	<b>100%</b>	<b>12,650</b>	<b>100%</b>
<b>Liabilities</b>				
Due to Banks	4,866	28%	3,227	26%
Due to Related Parties (Deposits)	39	0%	273	2%
Deposits from Customers	6,215	36%	4,931	39%
Other Borrowings	2,084	12%	617	5%
Other Liabilities	844	5%	670	5%
<b>Total Liabilities</b>	<b>14,048</b>	<b>82%</b>	<b>9,718</b>	<b>77%</b>
<b>Equity</b>				
Stated Capital	1,908	11%	1,908	15%
Statutory Reserve Fund	61	0%	53	0%
Retained Earnings	1,114	7%	971	8%
<b>Total Equity</b>	<b>3,083</b>	<b>18%</b>	<b>2,932</b>	<b>23%</b>
<b>Net Asset Value Per Share</b>	<b>21.17</b>		<b>20.13</b>	

Note : Amounts stated are in net of impairment and depreciation

**Selected Key Performance Indicators**

**Key Financial Data for the year ended 31<sup>st</sup> March 2025 (Audited)**

Item	As at 31/03/2025		As at 31/03/2024	
	Actual	Required	Actual	Required
<b>Regulatory Capital Adequacy (%)</b>				
Tier 1 Capital Adequacy Ratio	25.16	8.50	40.35	8.50
Total Capital Adequacy Ratio	25.29	12.50	41.37	12.50
Capital Funds to Deposit Liabilities Ratio	49.30	10.00	56.34	10.00
<b>Quality of Loan Portfolio (%) (on 90 days past due basis)</b>				
Gross Stage 3 Loans Ratio	1.86		5.25	
Net Stage 3 Loans Ratio	1.21		4.24	
Net Stage 3 Loans to Core Capital Ratio	6.27		12.25	
Stage 3 Impairment Coverage Ratio	35.09		19.35	
Total Impairment Coverage Ratio	1.50		1.90	
<b>Profitability (%)</b>				
Net Interest Margin	7.79		8.63	
Return on Assets	1.63		1.59	
Return on Equity	4.73		3.52	
Cost to Income Ratio	68.90		77.21	
<b>Liquidity (%)</b>				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	239		390	
Liquid Assets to External Funds	11.31		22.41	
<b>Memorandum Information</b>				
Number of Branches	35		32	
External Credit Rating	Fitch Ratings AA- (lka) Outlook Stable		FITCH RATING AA-(lka) Outlook stable	
<b>Regulatory penalties imposed last 6 months ( Amount Rs. Mn)</b>				
	-		-	

**CERTIFICATION:**

We, the undersigned, being the Managing Director & Chief Executive Officer, the Chief Financial Officer and the Compliance Officer of Mahindra Ideal Finance Limited certify jointly that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL);

(b) the information contained in these statements have been extracted from the unaudited financial statements of the Licensed Finance Company unless indicated as audited.

Mufaddal Choonia  
(Sgd.) Managing Director & Chief Executive Officer  
Date: 18.04.2025

Rohit Agarwalla  
(Sgd.) Chief Financial Officer  
Date: 18.04.2025

Sameera Kaumudi  
(Sgd.) Assistant General Manager - Compliance  
Date: 18.04.2025