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Mahindra Ideal Finance PLC
Interim Financial Statements

for the period ended 31 March 2026

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Interim Financial Statements

for the period ended 31 March 2026

PERFORMANCE SUMMARY FOR THE PERIOD ENDED 31 MARCH 2026

Mahindra Ideal Finance PLC recorded a strong financial performance for the period ended 31 March 2026, underpinned by robust portfolio growth, improved profitability, and disciplined risk management. The Company continues to strengthen its market position while maintaining a balanced focus on growth, liquidity and capital stability.

KEY HIGHLIGHTS

Profitability

- The Company delivered a significant improvement in profitability during the period, with Profit after tax increasing to LKR 478.2 million, reflecting a growth of over 228% year-on-year (YoY).
- Profit before tax rose to LKR 818.6 million, representing a 193% increase YoY, supported by strong revenue growth and operational efficiencies.
- Net Interest Income (NII) increased by 61.2% YoY to LKR 2.15 billion, driven by expansion in interest-earning assets.
- Earnings per share also improved substantially to LKR 3.28, compared to LKR 1.00 in the previous year, reflecting enhanced returns to shareholders.

Liquidity

- The Company maintained a strong liquidity position well above regulatory thresholds. The available liquid assets ratio stood at 406%, demonstrating a substantial buffer over required levels.
- Additionally, the Liquid Assets to External Funds ratio was maintained at 11.92%, indicating prudent treasury and liquidity management practices.

Capital Adequacy

- Mahindra Ideal Finance PLC continued to maintain a sound capital base. The Total Capital Ratio stood at 15.05%, comfortably above the regulatory minimum of 12.5%, while the Tier 1 Capital Ratio was 14.93%.
- During the period, the Company further strengthened its capital structure through the issuance of LKR 1 billion Subordinated debentures, supporting future growth and regulatory capital requirements.

Asset Quality Indicators

- Asset quality remained stable, reflecting the Company's disciplined credit underwriting practices, effective risk management framework, and a robust recovery mechanism.
 - Gross Stage 03 ratio improved to 1.73%
 - Net Stage 03 ratio stood at 1.15%
- These ratios demonstrate the Company's continued focus on maintaining a high-quality loan portfolio while supporting sustainable growth.

Growth and Expansion

- The Company recorded strong growth momentum across key business segments. Total assets increased to LKR 30.98 billion, reflecting an 80.8% YoY growth.
- Core lending activities expanded significantly, with Loans and Advances growing to LKR 15.28 billion, while Gold Loan portfolio increased to LKR 9.18 billion, contributing to a well-diversified lending mix.
- Further, Total Operating Income increased by 55.4% YoY to LKR 2.54 billion, reflecting increased business volumes and improved revenue generation capacity.

Investor Indicators

- The Company continued to enhance shareholder value during the period.
 - Net Asset Value per share increased to LKR 24.45 from LKR 21.17
 - Return on Equity (ROE) improved to 14.4%
 - Return on Assets (ROA) increased to 3.4%
- These improvements reflect stronger profitability, efficient asset utilization, and disciplined financial management.

Outlook

Mahindra Ideal Finance PLC remains well-positioned to sustain its growth trajectory through continued portfolio expansion, diversification of products, and enhanced operational efficiencies. The Company will maintain its focus on prudent risk management, strong governance practices, and capital discipline, while actively pursuing opportunities to strengthen its market presence and deliver sustainable long-term value to stakeholders.

STATEMENT OF COMPREHENSIVE INCOME

	For the Quarter ended			For the Year ended		
	31st March 2026	31st March 2025	Change	31st March 2026 Audited	31st March 2025	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Income	1,276,431	774,635	65%	4,261,863	2,740,870	55%
Interest Income	1,155,704	699,217	65%	3,878,129	2,444,566	59%
Interest Expenses	(539,056)	(293,191)	84%	(1,725,739)	(1,109,246)	56%
Net Interest Income	616,648	406,026	52%	2,152,390	1,335,320	61%
Fees and Commission Income	12,100	5,608	116%	35,432	16,498	115%
Net Fee and Commission Income	12,100	5,608	116%	35,432	16,498	115%
Other Operating Income	108,627	69,810	56%	348,302	279,806	24%
Total Operating Income	737,375	481,444	53%	2,536,124	1,631,624	55%
Impairment Charges for Loans and other Losses	(71,042)	7,908	998%	(162,978)	(73,914)	120%
Net Operating Income	666,333	489,352	36%	2,373,146	1,557,710	52%
Operating Expenses						
Personnel Expenses	(170,053)	(166,495)	2%	(656,101)	(560,529)	17%
Depreciation of Property Plant & Equipment	(44,002)	(36,984)	19%	(161,661)	(140,151)	15%
Amortization of Intangible Assets	(2,157)	(2,363)	(9%)	(8,525)	(8,791)	(3%)
Other Operating Expenses	(110,901)	(105,718)	5%	(453,869)	(414,783)	9%
Operating Profit before VAT on Financial Services and Social Security Contribution Levy	339,220	177,792	91%	1,092,990	433,456	152%
Value Added Tax on Financial Services	(69,498)	(45,412)	53%	(239,838)	(135,364)	77%
Social Security Contribution Levy	(10,897)	(6,307)	73%	(34,555)	(18,801)	84%
Profit before Taxation	258,825	126,073	105%	818,597	279,291	193%
Income Tax Expenses	(100,649)	(56,706)	77%	(340,366)	(133,405)	155%
Profit/ (Loss) for the period	158,176	69,367	128%	478,231	145,886	228%
Other Comprehensive Income/(Expense)						
Other Comprehensive Income not be Reclassified to Profit or Loss in Subsequent Periods						
Actuarial Gain/ (Loss) on Defined Benefit Obligations	(421)	7,033		(421)	7,033	
Deferred Tax (Charge)/Reversal on Actuarial Gain/ (Loss)	126	(2,110)		126	(2,110)	
Other Comprehensive Income for the period, Net of Tax	(295)	4,923		(295)	4,923	
Total Comprehensive Income for the period, Net of Tax	157,881	74,290	113%	477,936	150,809	217%
Basic and Diluted Earning per Share	4.34	2.04	113%	3.28	1.00	230%

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at	31st March 2026 Audited Rs. '000	31st March 2025 Rs. '000	Change %
ASSETS			
Cash and Bank Balances	423,093	178,134	138%
Investment in Government Securities at Amortized cost	2,294,257	1,248,944	84%
Placements with Banks and Other Financial Institutions	401,207	151,076	166%
Gold Advances	9,184,231	6,422,978	43%
Lease Rental Receivables	2,480,946	2,656,513	(7%)
Loans and Advances	15,281,083	5,723,480	167%
Other Financial Assets	29,826	21,012	42%
Other Non Financial Assets	139,783	73,409	90%
Financial Investments-Measured at Fair Value through OCI	458	458	0%
Property, Plant and Equipment	654,923	584,938	12%
Intangible Assets	29,517	34,498	(14%)
Deferred Tax Assets	60,430	35,978	68%
TOTAL ASSETS	30,979,754	17,131,418	81%
LIABILITIES			
Interest Bearing Borrowings	17,176,069	6,949,677	147%
Due to the Customers	7,530,175	6,254,214	20%
Subordinate Liabilities	1,000,626	-	-
Other Financial Liabilities	1,374,610	669,737	105%
Other Non Financial Liabilities	81,005	74,280	9%
Post Employment Benefit Liability	47,021	37,738	25%
Current Tax Liabilities	209,263	62,722	234%
TOTAL LIABILITIES	27,418,769	14,048,368	95%
EQUITY			
Stated Capital	1,908,247	1,908,247	0%
Retained Earnings	1,568,243	1,114,204	41%
Reserves	84,495	60,598	39%
TOTAL EQUITY	3,560,985	3,083,050	16%
TOTAL LIABILITIES AND EQUITY	30,979,754	17,131,418	81%
Net Assets Value per Share (Rs.)	24.45	21.17	15%

We certify that the Financial Statements are prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.

Sgd.
Rohit Agarwalla
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board of Directors;

Sgd.
Thilan Wijesinghe
Chairman

Sgd.
Mufaddal Choonia
MD & CEO

Colombo

17 April 2026

STATEMENT OF CHANGES IN EQUITY

For the Period ended,	Stated Capital Rs. '000	Retained Earnings Rs. '000	Statutory Reserve Fund Rs. '000	Total Equity Rs. '000
Balance as at 1 April 2024	1,908,247	970,936	53,059	2,932,242
Total Comprehensive Income for the period				
Profit for the period	-	145,887	-	145,887
Other Comprehensive Income				
Other Comprehensive Income net of taxes	-	4,921	-	4,921
Other movements in Equity				
Transfer to Statutory Reserve Fund	-	(7,540)	7,540	-
Balance as at 31 March 2025	1,908,247	1,114,204	60,598	3,083,050
Balance as at 01 April 2025	1,908,247	1,114,204	60,598	3,083,050
Total Comprehensive Income for the period				
Profit for the period	-	478,231	-	478,231
Other Comprehensive Income				
Other Comprehensive Income net of taxes	-	(295)	-	(295)
Other movements in Equity				
Transfer to Statutory Reserve Fund	-	(23,897)	23,897	-
Balance as at 31 March 2026 (Audited)	1,908,247	1,568,243	84,495	3,560,985

STATEMENT OF CASH FLOWS

For the Period ended	31 March 2026 Audited Rs. '000	31 March 2025 Rs. '000
Cash Flows From / (Used in) Operating Activities		
Profit before income tax expense	818,597	279,291
Adjustment for Other Non-Cash Items Included in Profit Before Tax		
Depreciation of property, plant and equipment and ROU assets	161,661	140,151
Amortization of intangible assets	8,525	8,791
Provision for impairment	162,978	73,914
Interest expenses on borrowings	1,005,247	403,685
Defined benefit obligation	12,133	14,271
Dividend Income	(476)	-
Disposal (gain) / loss in fixed assets	(6,133)	(21,772)
Operating Profit before Working Capital Changes	2,162,532	898,331
(Increase)/Decrease in Lease Rental Receivable	191,760	214,289
(Increase)/Decrease in Loans and Advances	(9,717,319)	(4,610,148)
(Increase)/Decrease in Gold Advance	(2,780,708)	(1,938,102)
(Increase)/Decrease in Other Financial Assets	(8,813)	8,483
(Increase)/Decrease in Other Non-Financial Assets	(90,699)	91,756
Increase/(Decrease) in Amounts Due to Customers	1,275,961	1,049,990
Increase/(Decrease) in Other Financial Liabilities	791,963	171,098
Increase/(Decrease) in Other Non-Financial Liabilities	6,725	36,860
Increase/(Decrease) in Current Tax liabilities	24,326	13,971
Cash Generated from Operations	(8,144,272)	(4,063,472)
Retirement benefit liabilities paid	(3,272)	(18,537)
Income tax paid	(218,151)	(90,596)
Net Cash Flows from/(Used in) Operating Activities	(8,365,695)	(4,172,605)
Cash Flows from / (Used in) Investing Activities		
Purchase of Property, Plant and Equipment	(142,633)	(117,080)
Purchase of Right-of-Use Assets	(94,998)	(81,360)
Purchase of Intangible Assets	(3,545)	(195)
Disposal of Property, Plant and Equipment	12,117	38,843
Dividend Received	476	-
Investment in Treasury Bills	97,870	424,192
Investment in Fixed Deposits	49,869	104,772
Net Cash Flows from/(Used in) Investment Activities	(80,844)	369,172
Cash Flows from / (Used in) Financing Activities		
Proceeds from bank borrowings	22,605,000	10,559,108
Repayment of bank borrowings	(13,357,974)	(7,979,560)
Rental paid for lease obligation	(87,090)	(78,687)
Proceeds from subordinate liabilities	1,000,626	-
Net Cash Flows from/(Used in) Financing Activities	10,160,562	2,500,861
Net Increase/(Decrease) in Cash and Cash Equivalents	1,714,023	(1,302,572)
Cash and Cash Equivalents at the Beginning of the Year	10,172	1,312,744
Cash and Cash Equivalents at the End of the Year	1,724,195	10,172

NOTES TO THE INTERIM FINANCIALS

1. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

The table below provides a reconciliation between line items in the Statement of Financial Position and categories of Financial Assets & Financial Liabilities of the Company as per SLFRS.

Assets	As at 31 March 2026 (Audited)			As at 31 March 2025		
	Financial Asset at Fair Value Through Profit or Loss	Financial Asset at Amortized Cost	Financial Asset at Fair Value Through Other Comprehensive Income (FVOCI)	Financial Asset at Fair Value Through Profit or Loss	Financial Asset at Amortized Cost	Financial Asset at Fair Value Through Other Comprehensive Income (FVOCI)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and Bank Balances	-	423,093	-	-	178,134	-
Investment in Government Securities	-	2,294,257	-	-	1,248,944	-
Placements with Banks and Other Financial Institutions	-	401,207	-	-	151,076	-
Gold Advances	-	9,184,231	-	-	6,422,978	-
Lease Rental Receivables	-	2,480,946	-	-	2,656,513	-
Loans and Advances	-	15,281,083	-	-	5,723,480	-
Other Financial Assets	-	29,826	-	-	21,012	-
Financial Investments- Measured at FVOCI	-	-	458	-	-	458
Total Financial Assets	-	30,094,643	458	-	16,402,137	458

Liabilities	31 March 2026 (Audited)	31 March 2025
	Financial Liabilities at Amortized Cost Rs. '000	Financial Liabilities at Amortized Cost Rs. '000
Due to Bank and Other Financial Institutions	17,176,069	6,949,677
Due to the Customers	7,530,175	6,254,214
Subordinate Liabilities	1,000,626	-
Other Financial Liabilities	1,374,610	669,737
Total Financial Liabilities	27,081,480	13,873,628

NOTES TO THE INTERIM FINANCIALS

2. FINANCIAL REPORTING BY SEGMENT

For management purposes, the Company is organized into business units based on its products and services and has three reportable segments. The following table presents income, profit, asset and liability information of the Company's operating segments.

Period ended	Finance Leases		Gold Advances		Loans and Advances		Other		Totals	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Income										
Interest income	533,801	595,051	1,590,949	1,053,255	1,689,424	697,842	63,955	98,417	3,878,129	2,444,566
Other income	17,716	8,249	251,572	128,419	87,473	49,220	26,973	110,416	383,734	296,304
Total income	551,517	603,300	1,842,521	1,181,674	1,776,897	747,062	90,928	208,833	4,261,863	2,740,870
Unallocated expenses	-	-	-	-	-	-	-	-	(3,443,266)	(2,461,579)
Profit / (loss) before tax	-	-	-	-	-	-	-	-	818,597	279,291
Income tax expenses	-	-	-	-	-	-	-	-	(340,366)	(133,405)
Profit for the period	-	-	-	-	-	-	-	-	478,231	145,886

Period ended	Finance Leases		Gold Advances		Loans and Advances		Other		Totals	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Segment assets	2,480,946	2,656,513	9,184,231	6,422,978	15,281,083	5,723,480	401,207	151,076	27,347,467	14,954,047
Unallocated assets	-	-	-	-	-	-	-	-	3,632,287	2,177,371
Total assets	2,480,946	2,656,513	9,184,231	6,422,978	15,281,083	5,723,480	401,207	151,076	30,979,754	17,131,418
Unallocated liabilities	-	-	-	-	-	-	-	-	27,418,769	14,048,368
Total liabilities	-	-	-	-	-	-	-	-	27,418,769	14,048,368

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue during the year ended 31 March 2026 or 2025.

NOTES TO THE INTERIM FINANCIALS

3. CORPORATE INFORMATION

3.1 General

Mahindra Ideal Finance Limited (“the Company”), bearing registration No. PB4963 was incorporated on 12th March 2012 under the Companies Act no. 07 of 2007 as Ideal Investments Limited and subsequently changed to Ideal Finance Limited and subsequently on 28th January 2022 changed its name as Mahindra Ideal Finance Limited. Fitch Rating Lanka Limited has affirmed the Company’s rating as AA- (Outlook Stable) as at 31 March 2026. The registered office of the Company is located at No.299, Dr. Colvin R De Silva Mawatha (previously known as Union Place) Colombo 02.

3.2 Principal Activities and Nature of Operations

The principal activity of the Company is to carry on finance business in conformity with the provisions of the Finance Business Act No: 42 of 2011 as amended and superseded from time to time and in conformity with provisions of all written laws of the time being in force and all regulations, directions, determinations, rules, orders of requirements made, given or imposed thereunder.

3.3 Parent and Ultimate Parent Entity

The Company’s immediate parent is Mahindra & Mahindra Financial Services Ltd (MMFSL) which is incorporated in India.

4. BASIS OF PREPARATION

The Interim Financial Statements of the Company have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKAS). There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2025. Further, these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard (LKAS 34) on Interim Financial Reporting and provide the information required by the Colombo Stock Exchange.

5. ACCOUNTING POLICIES

The Accounting Policies adopted are consistent with those of the previous financial year.

6. SUBORDINATE LIABILITIES

The Company issued One Billion (1,000,000,000) Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 year Debenture (2026-2031), at the par value of Sri Lankan Rupees One Hundred (LKR 100/-) each and raised Sri Lankan Rupees One Billion (LKR 1,000,000,000/-). The Debentures have been listed on Colombo Stock Exchange wef 07th April 2026. This has been recorded as Subordinate Liabilities in Statement of Financial Position as at 31st March 2026.

NOTES TO THE INTERIM FINANCIALS

7. INVESTOR INFORMATION

7.1 Stated Capital

Issued and full paid - Ordinary shares	As at 31 March 2026		As at 31 March 2025	
	Number of Shares	Amount	Number of Shares	Amount
At the beginning of the period	145,639,098	1,908,247,125	145,639,098	1,908,247,125
Issued during the period	-	-	-	-
At the end of the period	145,639,098	1,908,247,125	145,639,098	1,908,247,125

7.2 Directors' and Chief Executive Officer's holding in Shares of the Company

Shareholder Name	No of Shares	Ownership %
NA	NA	NA

7.3 Shareholders list as at 31 March 2026

Shareholder's Name	No. of Shares	Ownership %
Mahindra & Mahindra Financial Services Ltd	84,768,130	58.20%
Ideal Motors (Pvt) Ltd	25,150,953	17.27%
P Aravinda De Silva	25,150,953	17.27%
J V W Malawanna	7,633,211	5.24%
Veritas Holdings (Pvt) Ltd	2,935,851	2.02%
Total	145,639,098	100%

7.4 Selected Performance Indicators

	31 March 2026	31 March 2025
Capital Adequacy (%)		
Tier 1 Capital Adequacy Ratio (Minimum 8.50%)	14.93	25.16
Total Capital Ratio (Minimum 12.50%)	15.05	25.29
Capital Funds to Deposit Liabilities Ratio	46.10	47.59
Profitability (%)		
Operating Profit Margin	25.65	15.81
Net Interest Margin on Average Assets	9.39	9.92
Return on Average Assets - Pre Tax	3.40	1.88
Return on Average Equity - Post Tax	14.40	4.85
Asset Quality (%)		
Gross Stage 03	1.73	1.86
Net Stage 03	1.15	1.21
Liquidity (%)		
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	406	239
Liquid Assets to External Funds	11.92	11.31
Leverage Ratios (Times)		
Debt to Equity Ratio	7.22	4.28
Interest Cover	1.48	1.43

CORPORATE INFORMATION

NAME OF THE COMPANY

Mahindra Ideal Finance PLC

LEGAL FORM OF THE COMPANY

Limited Liability Company incorporated in Sri Lanka under The Companies Act No. 7 of 2007.

A Finance Company registered under the Finance Companies Act No. 42 of 2011.

A registered Finance Leasing establishment in terms of Finance Leasing Act No. 56 of 2000.

BUSINESS REGISTRATION NO

PQ 00362532

DATE OF INCORPORATION

24th January 2012

FINANCIAL YEAR END

31st March

REGISTERED OFFICE

No. 299, Dr. Colvin R De Silva Mawatha
(Union Place) Colombo 02

NO OF BRANCHES

37

DIRECTORATE

Mr. Thilan Wijesinghe

(Chairman & Independent Non-Executive Director)

Mr. Mufaddal A. Choonia

(Managing Director & CEO)

Mr. Sujeewa Mudalige

(Senior Independent Non-Executive Director)

Mr. Mangalanath Wickramanayake

(Independent Non-Executive Director)

Mr. Raul Rebello

(Non-Executive Non-Independent Director)

Ms. Nimisha Welgama

(Non-Executive Non-Independent Director)

Ms. Anushka Wijenayaka

(Non-Executive Non-Independent Director)

BOARD SUB COMMITTEES OPERATING

- Board Audit Committee
- Board Human Resources and Remuneration Committee
- Board Integrated Risk Management Committee
- Board Nominations and Governance Committee
- Board Credit Committee
- Related Party Transaction Review Committee
- Board Information Technology Steering Committee

COMPANY SECRETARY

Ms. Sonali Niranjala Dunuwila

EXTERNAL AUDITOR

BDO Partners

Charter House, 65/2, Sir Chittampalam A Gardiner
Mawatha, Colombo 02.

TAX IDENTIFICATION NUMBER

134049634

BANKERS

Bank of Ceylon

HSBC

Deutsche Bank

Hatton National Bank

Commercial Bank of Ceylon

Seylan Bank

Cargills Bank

mahindra
IDEAL FINANCE