

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED  
FINANCIAL STATEMENTS TOGETHER WITH AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2026**

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**

**FINANCIAL STATEMENTS - 31 MARCH 2026**

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Associated Battery Manufacturers (Ceylon) Limited (the Company). The financial statements of the Company comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended; and the notes to the financial statements, including material accounting policy information.

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 Standards 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 *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the company in accordance with the code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka. ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics,

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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 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. We have nothing to report in this regard.

#### 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 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.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekera FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

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

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism 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 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 internal control that we identify 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 appears from our examination, proper accounting records have been kept by the Company.

Sd/-

**Deloitte Partners**  
Chartered Accountants  
Colombo

10 April 2026



**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2026**

	Note	31.03.2026 Rs.	31.03.2025 Rs.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4.	573,008,294	539,870,402
Intangible assets	5.	6,116,417	2,742,915
Loans to company employees	7.	3,536,713	6,617,748
Deferred tax asset	10.	52,595,794	224,760
<b>Total non-current assets</b>		<u>635,257,218</u>	<u>549,455,825</u>
<b>Current assets</b>			
Inventories	6.	1,271,571,632	1,700,100,104
Trade and other receivables	7.	1,932,502,252	2,092,320,155
Cash and cash equivalents	19.	217,952,207	44,133,133
<b>Total current assets</b>		<u>3,422,026,091</u>	<u>3,836,553,392</u>
<b>Total assets</b>		<u>4,057,283,309</u>	<u>4,386,009,217</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	8.	63,360,000	63,360,000
Retained earnings		<u>2,103,440,713</u>	<u>1,591,009,748</u>
<b>Total equity</b>		<u>2,166,800,713</u>	<u>1,654,369,748</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	11.	83,450,816	81,814,587
Interest bearing loans and borrowings	9.	226,862,486	451,036,402
Warranty provision	13.	20,614,762	24,682,692
<b>Total non-current liabilities</b>		<u>330,928,064</u>	<u>557,533,681</u>
<b>Current liabilities</b>			
Trade and other payables	12.	1,108,973,038	1,340,975,766
Interest bearing loans and borrowings	9.	224,173,915	603,831,661
Income tax payable		102,444,047	126,764,576
Warranty provision	13.	123,963,532	102,533,785
<b>Total current liabilities</b>		<u>1,559,554,532</u>	<u>2,174,105,788</u>
<b>Total liabilities</b>		<u>1,890,482,596</u>	<u>2,731,639,469</u>
<b>Total equity and liabilities</b>		<u>4,057,283,309</u>	<u>4,386,009,217</u>

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by the Board of Directors on 10 April 2026.

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

Sd/-  
 Sd/-



Sd/-  
 Head - Finance

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

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2025/26 Rs.	2024/25 Rs.
Revenue	3.	7,350,306,845	7,448,774,721
Cost of sales		<u>(6,458,478,004)</u>	<u>(6,548,463,252)</u>
<b>Gross profit</b>		<b>891,828,841</b>	<b>900,311,469</b>
Other income	14.	34,150,090	37,287,096
Administrative expenses		(175,748,730)	(154,018,429)
Other gains / (losses) - net	15.	10,247,616	18,717,639
Finance income	16.1	4,126,623	3,975,838
Finance costs	16.2	(66,504,736)	(106,435,520)
<b>Profit before taxation</b>	17.	<b>698,099,704</b>	<b>699,838,093</b>
Income tax expense	10.	<u>(185,668,739)</u>	<u>(199,297,690)</u>
<b>Profit for the year</b>		<b><u>512,430,965</u></b>	<b><u>500,540,403</u></b>

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



**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2026**

	Stated capital Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 1 April 2024	63,360,000	1,090,469,345	1,153,829,345
Profit for the year	-	500,540,403	500,540,403
<b>Balance as at 31 March 2025</b>	<b><u>63,360,000</u></b>	<b><u>1,591,009,748</u></b>	<b><u>1,654,369,748</u></b>
Profit for the year	-	512,430,965	512,430,965
<b>Balance as at 31 March 2026</b>	<b><u>63,360,000</u></b>	<b><u>2,103,440,713</u></b>	<b><u>2,166,800,713</u></b>

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





**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2025/26 Rs.	2024/25 Rs.
<b>Cash flows from operating activities</b>			
Profit before taxation		698,099,704	699,838,093
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment	4.2	100,784,251	98,514,952
Amortization of intangible assets	5.2	1,117,630	875,350
Asset write off		10,565,924	1,000,000
Gain on asset disposal		(2,373,887)	-
Interest income from investments	16.1	(4,126,623)	(3,975,838)
Unrealised (gain) or loss		5,646,029	(17,151,232)
(Reversal) / provision for obsolete and slow moving stocks	6	21,285,913	(22,988,000)
NRV adjustment in inventory	6	-	(84,559,195)
Impairment / (reversal) of trade receivables	7	-	(27,427,235)
Finance costs	16.2	66,510,529	113,014,706
Warranties accepted during the year	13.	159,424,965	149,101,970
Provision for defined benefit plans	11.	14,309,041	15,243,275
<b>Operating cash flows generated before working capital changes</b>		<b><u>1,071,243,476</u></b>	<b><u>921,486,846</u></b>
Decrease / (increase) in inventories		407,242,559	(101,770,213)
Decrease / (increase) in trade and other receivables		110,527,905	255,395,676
(Decrease) / increase in trade and other payables		(412,138,957)	(366,692,433)
<b>Cash flows generated from / (used in) operations</b>		<b><u>1,176,874,983</u></b>	<b><u>708,419,876</u></b>
Defined benefit plan obligation paid	11.	(4,544,865)	(4,709,994)
Income taxes paid		(185,690,164)	(142,428,558)
<b>Net cash generated from / (used in) operations</b>		<b><u>986,639,954</u></b>	<b><u>561,281,324</u></b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	4.1	(144,488,068)	(45,014,394)
Acquisition of intangible assets	5.1	(4,491,132)	(2,702,837)
Interest received	16.1	4,126,623	3,975,838
Asset Disposals	4.1	2,373,887	-
<b>Net cash outflow from investing activities</b>		<b><u>(142,478,690)</u></b>	<b><u>(43,741,393)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from interest bearing loans and borrowings		454,350,510	599,325,226
Repayment of interest bearing loans and borrowings		(786,101,802)	(1,260,091,253)
Finance cost paid		(66,504,736)	(106,435,520)
<b>Net cash (outflow) / inflow from financing activities</b>		<b><u>(398,256,028)</u></b>	<b><u>(767,201,548)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<b>445,905,236</b>	<b>(249,661,616)</b>
Cash and cash equivalents at the beginning of the year		(227,947,236)	15,135,194
Effect on foreign exchange rates		(5,793)	6,579,186
<b>Cash and cash equivalents at the end of the year</b>	19	<b><u>217,952,207</u></b>	<b><u>(227,947,236)</u></b>

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

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

**1. Corporate information**

**1.1 General**

Associated Battery Manufacturers (Ceylon) Limited ("Company") is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is situated at 31, Katukurunduwatte Road, Off Attidiya Road, Ratmalana.

**1.2 Principal activities and nature of operations**

The principal activity of the Company is manufacturing of lead acid automotive and motorcycle batteries.

**1.3 Parent enterprise and ultimate parent enterprise**

The Company's parent undertaking is Exide Industries Ltd. – India, it is also the Company's ultimate parent undertaking and controlling party.

**1.4 Date of authorization for issue**

The financial statements of the Company as at 31 March 2026 were authorized for issue by the Board of Directors on 10 April 2026.

**2. Summary of material accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all of the years presented, unless otherwise stated.

**2.1.1 Basis of preparation**

The financial statements which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, have been prepared on a historical cost basis and are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

The preparation and presentation of these Financial Statements are in compliance with Companies Act, No. 07 of 2007.

**2.1.2 Statement of compliance**

The statement of financial position, statement of profit or loss, changes in equity and cash flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31 March 2026 and for the year then ended, comply in all material respects with the applicable Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

**2.1.3 Comparative information**

The accounting policies have been consistently applied by the Company during the year under review with those used in the previous year.



**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**

**2. Summary of material accounting policies - (Contd.)**

**2.2 Use of estimates and judgments**

The preparation of Financial Statements of the Company in conformity with SLFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underline assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements have been disclosed in the respective notes to the financial statements.

**2.3 Summary of material accounting policies**

**2.3.1 Foreign currency translation**

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other gains / (losses) – net'.

**2.3.2 Taxation**

**Current taxes**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of statement of financial position.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

**Deferred taxation**

Deferred income tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**



- 2. Summary of material accounting policies - (Contd.)
- 2.3 Summary of material accounting policies - (Contd.)
- 2.3.2 Taxation - (Contd.)

**Deferred taxation - (Contd.)**

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

**Sales tax**

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the statement of financial position.

**2.3.3 Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred.

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**



- 2. Summary of material accounting policies - (Contd.)
- 2.3 Summary of material accounting policies - (Contd.)

**2.3.4 Inventories**

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition are accounted using the following cost formulas:

Raw Materials	- At weighted average cost
Work-in-Progress	- At standard cost
Finished Goods	- At standard cost
Consumables and Spares	- At weighted average cost
Goods in Transit	- At actual cost

**Provision for slow moving inventory**

A provision for slow moving inventories is recognized based on the best estimates available to management on their future usability. As Management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these financial statements.

**2.3.5 Trade and receivables**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

**2.3.6 Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

**2.3.7 Property, plant and equipment**

Property, plant and equipment is recognised initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**



**2. Summary of material accounting policies - (Contd.)**

**2.3 Summary of material accounting policies - (Contd.)**

**2.3.7 Property, plant and equipment (Contd)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are disclosed in note 4.4.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

**2.3.8 Intangible assets**

All software licensed for use by the Company, not constituting an integral part of related hardware are included in the statement of financial position under the category of intangible assets and carried at cost less accumulated amortization and impairment loss.

The cost of intangible assets is amortized using the straight-line basis at a rate of 20% per annum (over 5 years) commencing from the acquisition date. The amortization cost is recognized as an expense.

**2.3.9 Impairment of non financial assets other than inventories**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

**2.3.10 Trade payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**

- 2. Summary of material accounting policies - (Contd.)**  
**2.3 Summary of material accounting policies - (Contd.)**

**2.3.11 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

**2.3.12 Retirement benefit obligations**

**a) Defined benefit plan – gratuity**

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every financial year using projected unit cost method.

However, according to the payment of gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

**b) Defined contribution plans – employees' provident fund and employees' Trust Fund**

Employees are eligible for employees' provident fund contributions and employees' trust fund contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to employees' provident fund and employees' trust fund respectively.

**2.3.13 Warranty provision**

All batteries sold are returnable for any manufacturing defects within 12 to 30 months warranty period depending on the battery type from the date of sale to the end customer.

Provision for manufacturing defects related warranty cost is based on the claims received up to the year end as well as the management estimate of the fair value of the future liabilities to be incurred during the period of warranty completion, on the basis of the past trends of such claims. Provision for future warranty liabilities is calculated annually.

**2.3.14 Stated capital**

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.



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**2. Summary of material accounting policies - (Contd.)**

**2.3 Summary of material accounting policies - (Contd.)**

**2.3.15 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, and discounts.

The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

**a) Sale of goods**

Revenue from sale of goods is recognized when the goods have been delivered to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

**b) Interest**

Interest income is recognized as the interest accrues unless collectability is in doubt.

**c) Others**

Other income is recognized on an accrual basis.

**2.3.16 Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.



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3. Revenue	2025/26	2024/25
Local sales	7,350,306,845	7,445,323,792
Export sales	-	3,450,929
Sale of goods	<u>7,350,306,845</u>	<u>7,448,774,721</u>

**4. Property, plant and equipment**

**4.1 Gross carrying amounts**

	Balance as at 1 April 2025	Additions	Asset Disposal	Transfers	Balance as at 31 March 2026
<b>At Cost</b>					
Land	58,475,299	-	-	-	58,475,299
Buildings	149,263,206	220,000	(14,319,361)	3,318,010	138,481,855
Plant and machinery	1,132,024,764	37,737,440	(11,441,506)	87,931,401	1,246,252,099
Motor vehicles	201,990	-	-	-	201,990
Tools & moulds	62,106,584	1,111,782	-	-	63,218,366
Computer & electronic appliance	15,594,766	4,991,140	-	-	20,585,906
Furniture and fittings	46,514,726	5,963,906	-	-	52,478,632
<b>Total value of depreciable assets</b>	<u>1,464,181,335</u>	<u>50,024,268</u>	<u>(25,760,867)</u>	<u>91,249,411</u>	<u>1,579,694,147</u>
<b>In the course of construction</b>					
Capital work in progress	11,096,744	94,463,800	(1,040,674)	(91,249,411)	13,270,459
<b>Total gross carrying amount</b>	<u>1,475,278,079</u>	<u>144,488,068</u>	<u>(26,801,541)</u>	<u>-</u>	<u>1,592,964,606</u>

**4.2 Depreciation and impairment**

	Balance as at 1 April 2025	Charge for the year/ transfers	Asset Disposal	Transfers	Balance as at 31 March 2026
Buildings	52,761,805	4,677,986	(4,794,111)	-	52,645,680
Plant and machinery	794,651,384	84,771,717	(11,441,506)	-	867,981,595
Motor vehicles	201,990	-	-	-	201,990
Tools and moulds	40,848,119	4,178,416	-	-	45,026,535
Computer and electronic appliance	10,486,964	3,028,381	-	-	13,515,345
Furniture and fittings	36,457,415	4,127,752	-	-	40,585,167
<b>Total Depreciation</b>	<u>935,407,677</u>	<u>100,784,251</u>	<u>(16,235,617)</u>	<u>-</u>	<u>1,019,956,312</u>

**4.3 Net book values**

	31 March 2026	31 March 2025
Land	58,475,299	58,475,299
Buildings	85,836,175	96,501,401
Plant and machinery	378,270,504	337,373,380
Motor vehicles	-	-
Tools and moulds	18,191,831	21,258,465
Computer and electronic appliance	7,070,561	5,107,802
Furniture and fittings	11,893,465	10,057,311
	<u>559,737,835</u>	<u>528,773,658</u>
<b>In the course of construction</b>		
Capital work in progress	13,270,459	11,096,744
<b>Total carrying amount of property, plant and equipment</b>	<u>573,008,294</u>	<u>539,870,402</u>



The detailed description of the requirement of Asset Written off is disclosed in 21.3.  
The bank borrowings are secured on property, plant and equipment as disclosed in note 22.

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**4. Property, plant and equipment (Contd.)**

4.4 The useful lives of the assets are estimated as follows.

	31.03.2026	31.03.2025
Buildings on freehold land	30 Years	30 Years
Plant and machinery	5 - 10 Years	10 Years
Motor vehicles	4 Years	4 Years
Tools and mould	10 Years	10 Years
Computer and electronic appliance	4 Years	4 Years
Furniture and fittings	5 Years	5 Years

4.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts as of 31 March 2026 - Rs.556,206,378 (31 March 2025 - Rs. 357,623,036).

**5. Intangible assets**

**5.1 Gross carrying amounts**

	Balance as at 1 April 2025	Additions/ Transfers	Balance As at 31 March 2026
<b>At cost</b>			
Computer software	15,172,832	4,491,132	19,663,964
	<b>15,172,832</b>	<b>4,491,132</b>	<b>19,663,964</b>

**5.2 Amortization and impairment**

	Balance as at 1 April 2025	Amortisation	Balance as at 31 March 2026
Computer software	12,429,917	1,117,630	13,547,547
	<b>12,429,917</b>	<b>1,117,630</b>	<b>13,547,547</b>

**5.3 Net book values**

	31.03.2026	31.03.2025
Computer software	6,116,417	2,742,915
	<b>6,116,417</b>	<b>2,742,915</b>

5.4 The useful lives of the intangible assets are estimated to be 5 years.

**6. Inventories**

	31.03.2026	31.03.2025
Raw materials	664,400,398	853,397,797
Work in progress	491,453,290	688,440,759
Finished goods	79,561,952	96,849,151
Consumables and spares	95,524,074	99,475,338
Goods in transit	62,044,630	62,063,858
	1,392,984,344	1,800,226,903
Provision for obsolete and slow moving stocks	(121,412,712)	(100,126,799)
	<b>1,271,571,632</b>	<b>1,700,100,104</b>



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**7. Trade and other receivables**

	2026			2025		
	Current	Non-Current 31 March	Total	Current	Non-Current 31 March	Total
Trade debtors - related parties (7.1)	1,691,889,616	-	1,691,889,616	1,896,695,449	-	1,896,695,449
- other	57,903,678	-	57,903,678	57,563,177	-	57,563,177
	1,749,793,294	-	1,749,793,294	1,954,258,626	-	1,954,258,626
Provision for doubtful debts	(14,619,529)	-	(14,619,529)	(15,613,678)	-	(15,613,678)
	1,735,173,766	-	1,735,173,766	1,938,644,948	-	1,938,644,948
Other debtors - related parties (7.2)	7,497,629	-	7,497,629	7,497,629	-	7,497,629
Prepaid expenses	16,716,915	-	16,716,915	16,307,460	-	16,307,460
Advance payments	126,320,748	-	126,320,748	81,838,478	-	81,838,478
Refundable deposits	6,126,618	-	6,126,618	5,555,220	-	5,555,220
Other receivables	33,195,285	-	33,195,285	32,762,525	-	32,762,525
Loans to company employees	7,471,291	3,536,713	11,008,004	9,713,895	6,617,748	16,331,643
	<b>1,932,502,252</b>	<b>3,536,713</b>	<b>1,936,038,965</b>	<b>2,092,320,155</b>	<b>6,617,748</b>	<b>2,098,937,903</b>

**7.1 Trade debtors - related parties**

	Relationship	31.03.2026	31.03.2025
Brown & Company PLC	Parent of S.F.L.Services (Pvt) Ltd	1,405,181,498	1,593,055,705
Klevenberg (Private) Limited	Member of the Brown's Group	286,708,118	303,639,744
		<b>1,691,889,616</b>	<b>1,896,695,449</b>

**7.2 Other debtors - related parties**

	Relationship	31.03.2026	31.03.2025
Brown & Company PLC	Parent of S.F.L.Services (Pvt) Ltd	2,385,541	2,385,541
Browns Thermal Engineering (Private) Limited	Member of the Brown's Group	5,112,088	5,112,088
		<b>7,497,629</b>	<b>7,497,629</b>

**8. Stated capital**

	31.03.2026		31.03.2025	
	Number	Rs.	Number	Rs.
Fully paid ordinary shares	6,336,000	63,360,000	6,336,000	63,360,000
	<b>6,336,000</b>	<b>63,360,000</b>	<b>6,336,000</b>	<b>63,360,000</b>



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**9. Interest bearing loans and borrowings**

	2026		Total 31 March	2025		Total 31 March
	Current 31 March	Non Current		Current 31 March	Non Current	
Bank loans	224,173,915	226,862,486	451,036,402	331,751,292	451,036,402	782,787,694
Bank overdrafts	-	-	-	272,080,369	-	272,080,369
	<u>224,173,915</u>	<u>226,862,486</u>	<u>451,036,402</u>	<u>603,831,661</u>	<u>451,036,402</u>	<u>1,054,868,063</u>

Bank loans	Lender	As at 1 April 2025	Loans obtained	Repayment	As at 31 March 2026
Term loan	DFCC Bank PLC	631,876,973	-	(214,173,931)	417,703,042
Term loan	Commercial Bank	43,333,344	-	(9,999,984)	33,333,360
Import loan	HSBC	-	11,839,888	(11,839,888)	-
Import loan	DFCC Bank PLC	-	426,320,582	(426,320,582)	-
Import loan	HNB	-	16,190,040	(16,190,040)	-
Import loan	Commercial Bank	107,577,377	-	(107,577,377)	-
		<u>782,787,694.01</u>	<u>454,350,510</u>	<u>(786,101,802)</u>	<u>451,036,402</u>

**Term loans**

**Security**

Securities are disclosed in Note 22.

**Lender**

Lender	Repayment terms	Interest as per offer letter
DFCC Bank PLC	Rupee Loan Payable within 84 months	AWPLR + 1.25%
Commercial Bank of Ceylon PLC	Rupee Loan Payable within 60 months	AWPLR + 0.75%

**10. Income tax**

The major components of income tax expense for the period ended 31 March 2026 & 31 March 2025 are as follows :

Income statement	2025/26	2024/25
Current income tax expense (Note 10.1)	238,039,773	185,997,395
Deferred tax reversal (Note 10.2)	(52,371,034)	13,300,295
<b>Income tax expense reported in the income statement</b>	<u>185,668,739</u>	<u>199,297,690</u>

**10.1** A reconciliation between accounting profit before tax and taxable profit multiplied by the statutory tax rate is as follows :

	2025/26	2024/25
<b>Accounting profit before income tax</b>	698,099,704	700,961,372
Aggregate disallowable items	395,776,803	267,892,894
Aggregate allowable items	(300,362,316)	(321,404,636)
<b>Taxable profit</b>	<u>793,514,191</u>	<u>647,449,630</u>
<b>Income tax at 30%</b>	<u>238,054,257</u>	<u>194,234,889</u>
Income tax expense	238,054,257	194,234,889
Adjustments for current tax of prior periods	(14,484)	(8,237,494)
Current income tax expense	<u>238,039,773</u>	<u>185,997,395</u>



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**10. Income tax (Contd)**

Income tax provision for the year of assessment 2025/26 has not considered any impact that may arise from restated financial statements for the year of assessment 2017/18 and 2018/19. Inland Revenue Department (IRD) has rejected the restatement of financial statements.

Further to the rejection of restated financial statements, Inland Revenue Department (IRD) has issued an income tax assessment inclusive of penalty, amounting to Rs. 77.6 Mn for 2019/20. In the administration review, the appeal has been rejected and the Company has made an appeal to Tax Appeal Commission (TAC). The appeal was rejected by TAC, and the matter has been referred to the Appeal Court.

In additions to the income tax assessments mentioned above, details of the other income tax assessments ,default notices are mentioned in note 21.1

**10.2 Deferred tax assets and liabilities**

	Statement of financial position		Income statement	
	2025/26	2024/25	2025/26	2024/25
<b>Deferred tax liability</b>				
Property, plant and equipment	90,961,806	96,408,941	(5,447,134)	(6,958,454)
	<u>90,961,806</u>	<u>96,408,941</u>	<u>(5,447,134)</u>	<u>(6,958,454)</u>
<b>Deferred tax assets</b>				
Retirement benefit obligations	(25,035,245)	(24,544,376)	(490,869)	162,926
Warranty provisions	(43,373,488)	(38,164,943)	(5,208,545)	4,971,252
Provision for bad and doubtful debts	(4,385,859)	(3,886,341)	(499,517)	8,228,171
Provision for obsolete and slow moving stocks	(36,423,814)	(30,038,040)	(6,385,774)	6,896,400
Bonus provision	(34,339,195)	-	(34,339,195)	-
	<u>(143,557,601)</u>	<u>(96,633,700)</u>	<u>(46,923,900)</u>	<u>20,258,749</u>
Deferred tax reversal			<u>(52,371,034)</u>	<u>13,300,295</u>
Net deferred tax asset	<u>(52,595,794)</u>	<u>(224,760)</u>		

**Note**

Deferred tax liabilities are offset when there is a legally enforceable right to offset assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

**11. Retirement benefit obligations**

	2025/26	2024/25
Balance at the beginning of the period	81,814,587	82,357,674
Interest cost for the period	8,999,604	9,265,239
Current service cost for the period	5,309,437	5,978,036
Gratuity paid / payable for those who left during the period	(4,544,865)	(4,709,994)
Actuarial (gain) / loss	(8,127,947)	(11,076,368)
Balance at the end of the period	<u>83,450,816</u>	<u>81,814,587</u>



The principal actuarial assumptions used were as follows:

	2025/26	2024/25
Discount rate	11.00%	11.00%
Expected rate of salary increases	11.00%	11.00%
Employee turnover rate	7.00%	6.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics.

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<b>12.</b>	<b>Trade and other payables</b>		<b>2025/26</b>	<b>2024/25</b>
	Trade creditors - related parties (12.1)		326,220,434	436,274,975
	Trade creditors - other		428,001,745	457,566,448
	Other creditors - related parties (12.2)		30,528,699	19,535,655
	Accrued expenses		300,992,894	403,588,882
	Other payables		23,229,266	24,009,806
			<b><u>1,108,973,038</u></b>	<b><u>1,340,975,766</u></b>
<b>12.1</b>	<b>Trade creditors - related parties</b>			
		<b>Relationship</b>	<b>2025/26</b>	<b>2024/25</b>
	Exide Industries Ltd	Parent company	70,807,755	98,386,757
	Brown & Company PLC	Parent of S.F.L.Services (Pvt) Ltd	3,885,445	9,357,728
	Klevenberg (Private) Ltd	Member of the Brown's Group	716,875	2,099,595
	Browns Thermal Engineering (Private) Ltd	Member of the Brown's Group	88,770,075	96,991,814
	Chloride Metals Ltd	Sister company	162,040,284	229,439,081
			<b><u>326,220,434</u></b>	<b><u>436,274,975</u></b>
<b>12.2</b>	<b>Other creditors - related parties</b>			
		<b>Relationship</b>	<b>2025/26</b>	<b>2024/25</b>
	Exide Industries Ltd	Parent company	<u>30,528,699</u>	<u>19,535,655</u>
<b>13.</b>	<b>Warranty provision</b>		<b>2025/26</b>	<b>2024/25</b>
	<b>Warranty provision</b>			
	Opening balance		127,216,477	143,787,318
	Warranties accepted during the year and warranty reversal		159,424,965	149,101,970
	Warranties issued during the year		(142,063,148)	(165,672,811)
	<b>Closing balance</b>		<b><u>144,578,294</u></b>	<b><u>127,216,477</u></b>
	Current		123,963,532	102,533,785
	Non-current		20,614,762	24,682,692
	<b>Total</b>		<b><u>144,578,294</u></b>	<b><u>127,216,477</u></b>
	Warranty provision includes future warranty provision calculated on total product cost as of March 2026 based on probability of occurrence. Accordingly, an amount of Rs. 17,361,817 has been provided during the year. (2025 - provision reversal amount Rs. 16,570,841)			
<b>14.</b>	<b>Other income</b>		<b>2025/26</b>	<b>2024/25</b>
	Sundry income - solar project		19,867,332	25,338,453
	Sundry income - others		14,282,758	11,948,643
			<b><u>34,150,090</u></b>	<b><u>37,287,096</u></b>



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**15. Other (gains) / losses - net**

	2025/26	2024/25
Foreign exchange (gains) / losses		
Realized (gain) / loss	(15,893,645)	(14,724,779)
Unrealized (gain) / loss	5,646,029	(3,992,860)
Foreign exchange (gains) / losses	<b>(10,247,616)</b>	<b>(18,717,639)</b>

Foreign exchange gains / (losses) other than that relate to borrowings and cash and cash equivalents are presented as other gains / (losses).

**16. Net Finance costs**

**16.1 Finance income**

	2025/26	2024/25
Interest income	4,126,623	3,975,838
	<b>4,126,623</b>	<b>3,975,838</b>

**16.2 Finance costs**

Interest expense on overdrafts	6,510,955	7,113,265
Interest expense on interest bearing loans and borrowings	59,999,574	105,901,441
Foreign exchange (gain) / loss on translation of cash and cash Equivalents	(5,793)	(6,579,186)
	<b>66,504,736</b>	<b>106,435,520</b>
<b>Finance costs - net</b>	<b>62,378,113</b>	<b>102,459,682</b>

**17. Profit before tax**

**Stated after Charging**

	2025/26	2024/25
<b>Included in cost of sales</b>		
Employees benefits		
Direct labour	301,966,602	278,016,075
Indirect labour	88,354,683	86,209,190
Management staff cost	66,140,603	59,561,203
Depreciation	101,901,882	99,390,302
<b>Included in administrative expenses</b>		
Employees benefits		
Management staff cost	107,882,826	101,024,390
Auditor's fees and expenses	1,845,000	1,725,811
Legal and professional fees	10,142,624	9,854,853



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**18. Earnings per share**

	<b>2025/26</b>	<b>2024/25</b>
Net profit attributable to ordinary shareholders	512,430,965	500,540,403
	<b>512,430,965</b>	<b>500,540,403</b>
Number of ordinary shares	6,336,000	6,336,000
	<b>6,336,000</b>	<b>6,336,000</b>
Earnings per share	80.88	79.00

**19. Cash and cash equivalents in the cash flow statement**

	<b>2025/26</b>	<b>2024/25</b>
<b>Components of cash and cash equivalents</b>		
<b>Favourable cash and cash equivalents balance</b>		
Cash and bank balances	217,952,207	44,133,133
	<b>217,952,207</b>	<b>44,133,133</b>
<b>Unfavourable cash and cash equivalent Balances</b>		
Bank overdraft	-	(272,080,369)
<b>Total cash and cash equivalents for the purpose of cash flow statement</b>	<b>217,952,207</b>	<b>(227,947,236)</b>



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**20. Related party disclosures**

The Company is controlled by Exide Industries Limited, which owns 61.5% of the Company's shares. The remaining 38.5% of the shares are held by S.F.L Services (Private) Limited, whose parent company is Brown & Company PLC. Brown & Company owns 75% of Klevenberg (Private) Limited and 100% of Browns Thermal Engineering (Pvt) Ltd

Details of significant related party transactions are as follows:

**20.1 Transactions with the related parties**

Nature of Transaction	Parent company		Other related companies	
	2025/26	2024/25	2025/26	2024/25
<b>Balance as at beginning of the year</b>	(117,922,412)	(23,590,457)	1,566,304,860	1,635,642,777
Sale of goods with tax	-	-	8,863,615,941	8,979,286,721
Purchase of goods and cost of services	(174,910,689)	(243,311,581)	(1,596,092,454)	(1,043,772,897)
IT Support Service & SAP Fee	(64,002,127)	-	-	-
Royalty fees	(21,150,825)	(19,535,655)	-	-
Net payments	276,649,598	168,515,281	(7,389,853,781)	(8,004,851,741)
<b>Balance as at end of the year</b>	<b>(101,336,454)</b>	<b>(117,922,412)</b>	<b>1,443,974,566</b>	<b>1,566,304,860</b>

**Related companies include:**

Name	Relationship
Exide Industries Ltd	Parent Company
S.F.L Services (Private) Limited	Significant Shareholding
Brown & Company PLC	Parent of S.F.L Services (Private) Limited
Chloride Metals Ltd	Sister Company
Klevenberg (Private) Limited	Member of the Brown's Group
Browns Thermal Engineering (Pvt) Ltd	Member of the Brown's Group

The year end balances arising from the above transactions are disclosed in notes 7 and 12.

**20.2 Transactions with key management personnel of the company.**

The key management personnel of the company are the members of its Board of Directors.

**a) Key management personnel compensation**

	2025/26	2024/25
Short-term employee benefits	24,083,564	28,029,645
	<b>24,083,564</b>	<b>28,029,645</b>



**21. Commitments and contingencies**

**21.1 Tax assessment on Value Added Tax (VAT) for the taxable period 01 July 2016-30 September 2016 has received by the Company on 22 June 2023 amounting to Rs. 52.9 Mn. Subsequently, the Company has received a tax in default notice for the same period on 13 November 2023, amounting to Rs. 106 Mn inclusive of penalty.**

Further, tax in default notice was received by the Company on 25 August 2023 amounting to Rs. 35.8 Mn for Income Tax, VAT and ESC. The Company is currently in discussions with the Inland Revenue Department (IRD) to clear these assessments received after 2009, and the outcome cannot be ascertained as of the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Commitments and contingencies - (Contd.)**

**21.1** The company received VAT assessments for the year of assessment 2019/20 amounting to Rs. 68.7 Mn, for 1930, 1940 & 2010 taxable periods. In the administration review the appeals were rejected, and the company made an appeal to Tax Appeal Commission (TAC).

**21.2** A case (No. 81294) has been filed against the Company concerning public nuisance in 2012. The case is based on the public nuisance caused by the impact on the environment as a result of the dumping of waste in a remote area in Horana.

The case referring to No – 81294 filed against the Company is still pending at the Horana Magistrate Court.

The Company at its own cost has taken steps to rectify the environmental impact and subsequently the water of the affected area has been tested and is presently clear according to the recent reports. No further communication received from the Magistrate courts to the Company to date. The management is of the view that the outcome of the litigation may not cause any adverse financial impact on the Company.

The matter was discussed with the legal counsel who handles the case and the Company was advised not to act upon on this case as the case may be laid down by the court.

**21.3** The Supreme Court has confirmed handing over the possession of the Thelawala land in its present position by the order dated 05 February 2024, without charging the company for waste removal costs.

The board authorised Chief Human Resources Officer to hand over the property based on the order by the supreme court at the meeting held on 27 February 2024. Accordingly, possession of the land has been handed over by the Company and the relevant documents were signed.

A letter dated 13 May 2024 was submitted to the divisional Secretariat Moratuwa requesting the compensation for the aforementioned land by the company.

The divisional secretary has confirmed that the compensation process is currently in progress. Mr. P. L. C. Nanayakkara, representative of survey department confirmed that official land measuring process commenced on part of compensation process.

**21.4** A former key management personnel has filed a case at the labor tribunal (LT) against constructive termination from the post. Case reference No - 32/RM/62/2020 was taken up in LT Ratmalana courts and completed the court proceedings on 14 March 2023. The decision was announced on 04 May 2023 in the key management personnel favour.

An appeal was filed by the company at the High Court Colombo on 6 June 2023. It was decided to retain the services of the lawyer who represented the Company in the LT case to oversee the proceedings at the appeal court.

Both parties submitted written submissions, and arguments commenced by the applicant (ABML). Further arguments are fixed for 6 June 2026.



**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
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**22. Assets pledged**

The following assets have been pledged as security for liabilities.

Nature of Assets	Assets pledged	2025/26	2024/25
Immovable Properties			
- Land & building at Rathmalana (Net Book value)	Mortgaged to DFCC Bank PLC in connection with the bank loans	144,311,474	154,976,700
- Plant & machinery (Net Book value)	DFCC Bank & Commercial Bank of Ceylon PLC ,State bank of India in connection with the bank Loans	378,270,504	337,373,380
- Inventories	Concurrent Mortgaged to DFCC	1,271,571,632	1,700,100,104
Trade debtors (Carrying Value)	Bank PLC, Commercial Bank of Ceylon PLC Hatton National Bank HSBC,State bank of India for combine credit facility and Overdraft facilities	1,749,793,294	1,954,258,626



**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**

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

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2026**

	<b>2025/26</b>	<b>2024/25</b>
Local sales	7,350,306,845	7,445,323,792
Export sales	-	3,450,929
<b>Sales of goods</b>	<b>7,350,306,845</b>	<b>7,448,774,721</b>
<b>Less : Cost of sales</b>		
Direct material cost	5,413,855,319	5,651,492,536
Direct labour	301,966,602	278,016,075
Indirect wages	88,354,683	86,209,190
Management staff cost	66,140,603	59,561,203
Power and water	152,282,584	198,027,063
Maintenance of plant and machinery	122,173,403	95,165,333
Welfare	97,771,327	94,151,733
Process materials, consumable stores and tools	29,758,035	34,567,708
Royalty expenses	22,269,210	19,908,650
Depreciation and amortisation	101,901,882	99,390,302
Various production overhead	40,718,443	39,520,654
Provision for slow moving stocks	21,285,913	(22,988,000)
NRV adjustment for stocks	-	(84,559,195)
	<b>6,458,478,004</b>	<b>6,548,463,252</b>
<b>Gross profit</b>	<b>891,828,841</b>	<b>900,311,469</b>
<b>Less : Administrative Expenses</b>		
Management staff cost	107,882,826	101,024,390
Postage and telephone	1,345,941	1,779,989
Printing and stationery	10,581,822	6,565,771
Auditors' fees and expenses	1,845,000	1,725,811
Bank charges	20,211,657	19,882,208
Legal and professional fees	10,142,624	9,854,853
Other overhead	9,997,059	12,722,688
Provision / (reversal) for debtors	-	(27,427,235)
SAP subscriptions	14,258,571	16,665,015
Asset write off	10,565,924	1,000,000
Balance write back	(15,859,910)	-
Rent expense	4,777,218	10,224,939
	<b>175,748,730</b>	<b>154,018,429</b>
<b>Profit from operating activities</b>	<b>716,080,111</b>	<b>746,293,040</b>

