E. B. Creasy & Company PLC

Annual Report 2022/23

POWERING THROUGH CHALLENGES

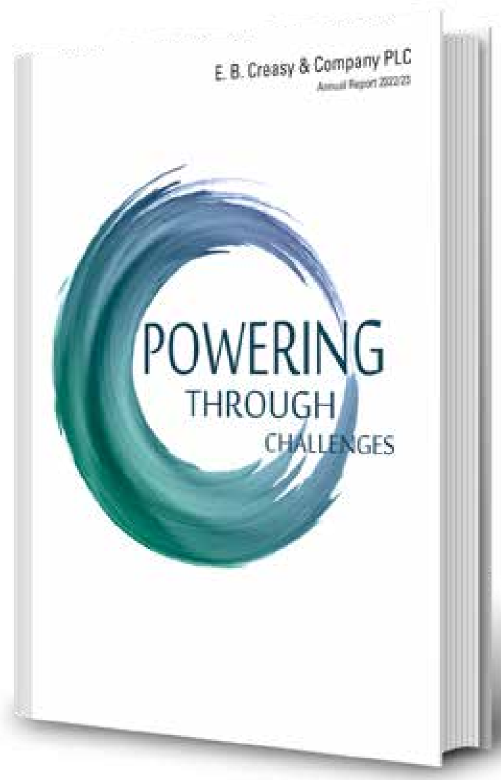
With economic obstacles piling up against us we continued to propel our way forward purposefully. Our end consumers were already weighed down by economic hardships. We had to be innovative and flexible, anticipating challenges and responding fast to new trials. Liquidity shortages in the market and the increasing threat of taxes made business volatile and the future uncertain. Through it all we were energized by our determination to achieve sustainable and profitable growth while maintaining acceptable levels of return on investment for our stakeholders who were counting on our capabilities.

CONTE

NT

ABOUT US

In 1878, Edward Bennet Creasy established the ‘House of E. B. Creasy’ – laying the foundation for an enduring business conglomerate that now contributes towards the nation’s household and healthcare needs. Incorporated as a limited liability company in 1929, the Company was listed on the Stock Exchange back in 1968. The Company’s fully-owned subsidiary, Darley Butler & Co. Ltd. is engaged in the branding, marketing and distribution of a spread of consumer goods. Its roots date back to 1848, when it was formed through a partnership between Edward Darley and Samuel Butler, which now enjoys tantamount, nationwide recognition as a household name – supplying several highly popular retail categories and product offerings.



Operating successfully for over 14 decades and fulfilling needs of several generations, the Group continues to maintain a growing market presence – providing products that make a significant difference in people’s everyday lives. The Company believes in providing functional products manufactured responsibly with no detriment whatsoever on society and the environment. Hence, the Company has painstakingly adopted and implemented several sustainable production methods – ensuring the right practices behind all operational processes and product choices. The management is accountable for the Company’s manufacturing and marketing practices – as they continuously assess conformance to ethical practices whilst elevating business operations to locally and internationally accepted standards, rules, laws and regulations.

The Company’s success and long-term value creation for stakeholders is based on benchmarks – as it seeks to create and share benefits of economic success with shareholders, investors, employees and communities. Moreover, the Company has a central tenet that governs each decision and strategy – which is based on contributing to the betterment of the economy, environment and people, or the triple bottom-line. E. B. Creasy & Co. PLC operates across many business lines, representing prominent consumer brands in Sri Lanka.

ABOUT THIS REPORT

The Annual Report of E. B. Creasy & Co. PLC for the financial year ended 31st March 2023 is prepared with the aim of presenting a comprehensive assessment of the Group's performance during the financial year.

This Annual Report covers the Group's business model, key input capitals, and economic, social and environmental impacts resulting from the value creation activities of the Company and its subsidiaries. Corporate Governance, Risk Management, and Integrating Sustainability Practices ensure that our value creation process delivers desired outcomes to its stakeholders. The Group is in compliance with laws and regulations and conduct business in socially and environmentally responsible manner. The Report presents an engaging discussion on these in Management Discussion & Analysis and Governance sections.

The Financial Statements of the Company and its Group for the year ended 31st March 2023 have been prepared and presented in accordance with Sri Lanka Accounting Standards (LKAS and SLFRS), the Companies Act No. 7 of 2007, and Listing Rules of the Colombo Stock Exchange. The Company is in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. The Board and Board Sub-Committees comprising Independent Non-Executive Directors ensure compliance with good governance principles and effectiveness of Group's system of internal control to underpin its value creation process. The organizational profile, business strategy, group structure, principal activities, Board of Directors and other corporate information have been presented in the Report. The Report also contains an encompassing discussion about various stakeholder aspects and their significance to the Group and the Group's response and mode of engagement in addressing diverse stakeholder concerns.

This Annual Report relates to the business operations of E. B. Creasy & Co. PLC and its subsidiaries, collectively referred to as the 'E. B. Creasy Group', for the 12-month period ended 31st March 2023 operating in Sri Lanka. Comparative information has been presented for the 12-month period ended 31st March 2022. There have been no changes in reporting scope, accounting policies and/or boundaries from the previous year. Non-financial information in this Report pertaining to the previous year has not been restated, unless otherwise stated.

The Independent Auditors' opinion on the Financial Statements is given in the Independent Auditors' Report.

Feedback and Inquiries

Your feedback is always valued and will be used in improving our future Annual Reports.

Please send your inquiries and feedback on this Report to:

Ravi Rathnasekara
Chief Financial Officer
E. B. Creasy & Co. PLC
No. 98, Sri Sangaraja Mawatha,
Colombo 10.
Email: ravidilantha@creasy.lk

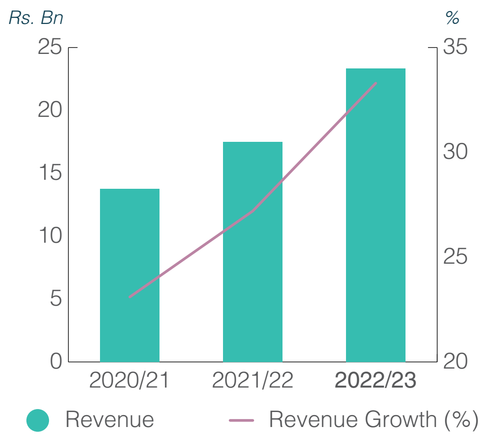
FINANCIAL HIGHLIGHTS

GROUP FINANCIAL HIGHLIGHTS

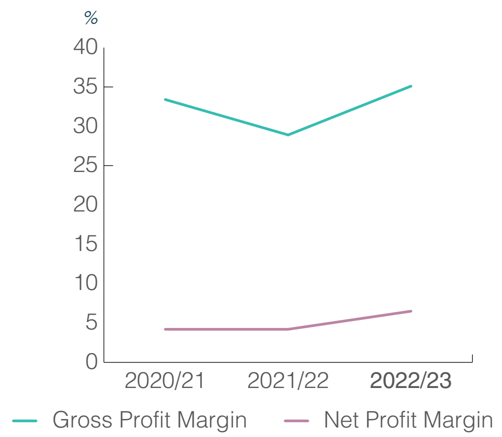
		2022/23	2021/22	2020/21
Financial Performance Highlights				
Revenue	Rs'000	23,342,429	17,508,915	13,766,848
Gross Profit	Rs'000	8,189,433	5,053,447	4,603,430
Operating Profit	Rs'000	3,703,040	1,774,711	1,587,426
Net Finance Expense	Rs'000	(1,903,001)	(775,684)	(474,804)
Share of Profit/(Loss) of Equity Accounted Investees	Rs'000	-	38,614	(280,746)
Profit before Tax	Rs'000	1,800,039	1,037,641	831,876
Profit after Tax	Rs'000	1,510,007	738,111	583,628
Profit attributable to equityholders of the Parent	Rs'000	1,513,022	724,672	510,615
Dividends	Rs'000	253,546	380,345	45,638
Gross Profit Margin	%	35%	29%	33%
Operating Profit Margin	%	16%	10%	12%
Interest Cover	Times	1.95	2.29	3.34
Net Profit Margin	%	6%	4%	4%
Financial Position Highlights				
Total Assets	Rs'000	20,245,601	16,519,332	13,092,056
Total Equity attributable to equityholders of the Parent	Rs'000	6,525,057	4,970,176	4,154,830
Total Liabilities	Rs'000	13,438,039	11,208,987	8,586,610
Net Current Assets/(Liabilities)	Rs'000	135,584	373,675	(157,746)
Current Ratio	Times	1.01	1.05	0.98
Debt/Equity (Long-term Loans to Equity)	%	35%	36%	13%
Gearing (Long-term Loans to Capital Employed)	%	26%	27%	11%
Return on Capital Employed	%	45%	29%	33%
Market and Shareholder Information				
No. of Shares in Issue	Nos	253,545,800	253,545,800	253,545,800
Market Price per Share	Rs	20.10	16.90	30.40
Market Capitalisation	Rs'000	5,096,271	4,284,924	7,707,792
Basic Earnings per Share	Rs	5.97	2.86	2.01
Net Assets per Share	Rs	25.74	19.60	16.39
Dividend per Share	Rs	1.00	1.50	0.18
Dividend Payout Ratio	%	17%	90%	49%
Dividend Yield	%	5.9%	4.9%	2.2%

FINANCIAL HIGHLIGHTS

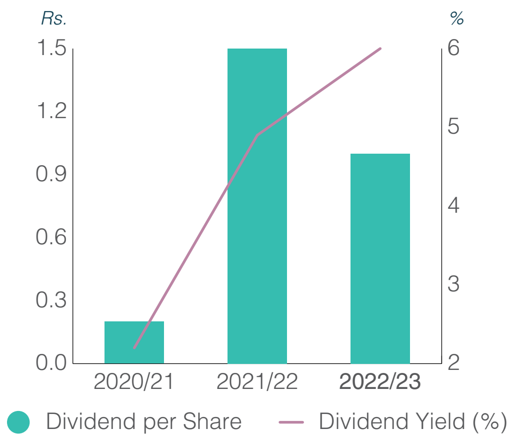
REVENUE



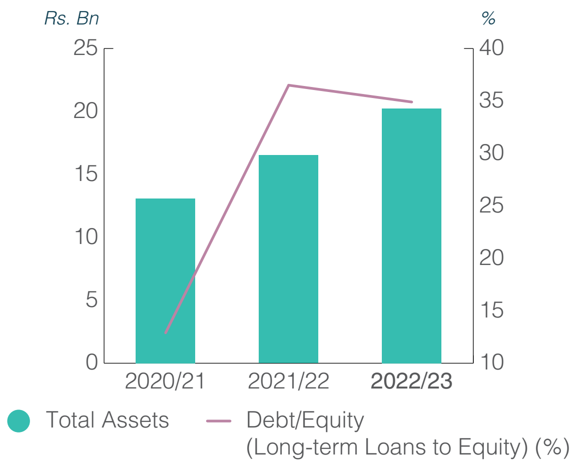
PROFIT MARGINS



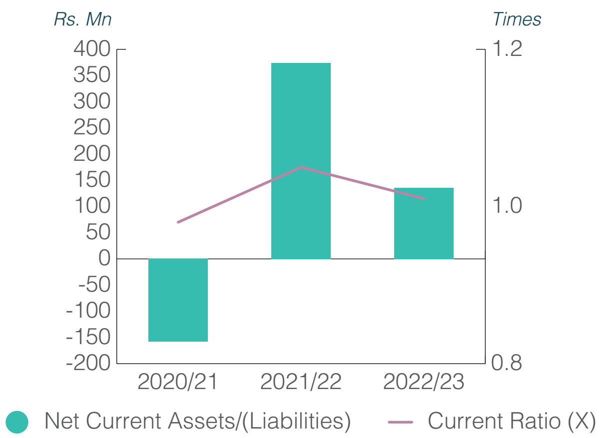
DIVIDENDS



ASSETS AND GEARING



LIQUIDITY



REVENUE

Rs.
23.3
Billion
(2021/22 – Rs. 17.5 Billion)

OPERATING PROFIT MARGIN

16%
(2021/22 – Rs. 10%)

EARNINGS PER SHARE

Rs.
5.97
(2021/22 – Rs. 2.86)

NET ASSETS PER SHARE

Rs.
25.7
(2021/22 – Rs. 19.6)

DIVIDEND PER SHARE

Rs.
1.00
(2021/22 – Rs. 1.50)

OPERATING PROFIT

Rs.
3.7
Billion
(2021/22 – Rs. 1.8 Billion)

PROFIT BEFORE TAX

Rs.
1.8
Billion
(2021/22 – Rs. 1.0 Billion)

LONG - TERM GEARING

26%
(2021/22 – 27%)

RETURN ON CAPITAL EMPLOYED

45%
(2021/22 – 29%)

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to welcome you to the 90th Annual General Meeting of E. B. Creasy & Company PLC and to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the year ended 31st March 2023.

"The Group made every possible effort during the year to keep the core businesses running and did not waiver in our commitment to provide our wide range of essential products to our valued consumers across the country. In keeping with this approach, the businesses that account for the majority of our revenues and profitability were sustained and expanded and boosted our attempts to positively impact the communities we serve and the environment we operate in."

UNPRECEDENTED CHALLENGES

The financial year under review will go down in the annals of history as one of the most tumultuous years in the history of Sri Lanka with our nation facing unprecedented challenges in the social, political and economic spheres. The country's population was faced with numerous hurdles on multiple fronts most notably fuel shortages, power outages, social unrest, record-high inflation and interest rates as well as shortages in pharmaceuticals. Faced with such a grave situation, I would like to highlight that the Group continued to demonstrate resilience and progressed on numerous fronts and recorded a noteworthy performance during the financial year adding yet another year of success to our journey of 175 years.

SRI LANKAN ECONOMY

The Sri Lankan economy contracted by 7.8% in the year 2022 and is estimated to have contracted by 11.5% in the first quarter of 2023 from a year ago with all key sectors negatively affected. Headline inflation continued to rise steadily from the beginning of the financial year peaking at an unprecedented 69.8% in September 2022. Faced with depleted foreign reserves, Sri Lanka suspended external debt service in April 2022 and indicated plans for debt restructuring while the Sri Lankan Rupee (LKR) depreciated by 78% against the US Dollar between March and May 2022 when it was floated. After months of protracted negotiations and discussions, towards the end of the financial year, the International Monetary Fund (IMF) approved a US$2.9 billion 48-month Extended Fund Facility programme giving the economy a much-needed lifeline.

GROUP PERFORMANCE

Despite the trying circumstances the Group remained committed to serving its valued customers across the island in the core business segments of Homecare, Personal-care, Healthcare and Food. By demonstrating flexibility at every level and carefully implementing well thought out strategies together with the efforts of our stakeholders we were able to minimize disruptions to supply chains.

During the year, the Group registered Revenue of Rs 23.3 billion, a 33% increase over the previous year and Profit Before Tax of Rs 1.8 billion, up by 73% over the same period. The Group's Healthcare and Food businesses achieved outstanding results in revenue and profitability over the previous year while the Consumer Sector delivered robust results during the year under review, highlighting both its resilience and agility in responding to uncertainties in the external environment. Both the Homecare and Personal-care consumer businesses registered a steady consolidated performance in the face of multiple challenges in the market.

There was considerable pressure on the inflationary domestic environment triggered by a drastic devaluation of the Sri Lankan Rupee and the rising oil and commodity prices in the world market. To counter this predicament, the Central Bank of Sri Lanka (CBSL) adopted an aggressive contractionary monetary policy by raising policy interest rates to record high levels. This invariably resulted in a slowdown of economic growth due to the unavailability of funding for new investments while also making several investments financially unviable.

The Group expanded its manufacturing capacities in Homecare and Personal-care factories thereby enabling us to deliver more of our quality products to consumers. Given the backdrop of high cost of capital, these strategic initiatives have resulted in Group's net finance cost rising significantly to Rs 1.9 billion for the year, an increase of 145% over the previous year. However, we expect to reap the added economic value of these investments over the long-term.

The Group made every possible effort during the year to keep the core businesses running and did not waiver in our commitment to provide our wide range of essential products to our valued consumers across the country. In keeping with this approach, the businesses that account for the majority of our revenues and profitability were sustained and expanded and boosted our attempts to positively impact the communities we serve and the environment we operate in. Showing our commitment towards a consistent payout policy, the Company paid an interim dividend of Rs 1.00 per share for the FY2022-23, distributing a total of Rs 253.5 million to its shareholders.

By keeping a close watch on costs, we have been successfully able to improve our cash flow from operations during the financial year. This paved the way for us to partially reinvest in our growing business sectors, strengthen our brand equity and increase working capital, enabling us to progress towards sustainable growth of our businesses and our corporate responsibility. I am pleased to report that our teams put in an extraordinary performance throughout the year and helped manage the impact of the slowdown in economic activities and supply chain disruptions in an efficient manner. They also addressed the various operational challenges to factories as well as sales and distribution channels as a result of the fast-changing social and economic landscape to ensure that our consumers had access to our products at all times.

For the third consecutive year, our BIC and Denta factory gained recognition for maintaining the highest of standards by bagging the "Green Building Platinum Award" at the Annual Green Building Awards 2022. Additionally, Lanka Special Steels Limited was presented the first Runner-Up award in the large category at the National Business Excellence Awards 2021 held by the National Chamber of Commerce of Sri Lanka.

Due to the financial uncertainties of the past 12 months, the construction sector contracted alarmingly, and as a result, there was a reduction in business of Lanka Special Steels Limited during the year under review. Despite the setback, the Company surged ahead with its plans and continued its investment initiative during the year in setting up a new manufacturing plant which has now doubled its manufacturing capacities.

FUTURE OUTLOOK

With the arrival of the new financial year, we are hopeful that the country will readjust its course and its fiscal and monetary policies of the country will be corrected in line with today's reality in order to achieve economic stability sooner rather than later. Sri Lanka needs to make progressive steps on multiple fronts including managing the country's debt obligations, securing a regular stream of financial assistance from other nations and global bodies and constantly liaising with the IMF to ensure that we remain on track to meet their requirements. We are confident that such prudent measures would provide relief to the general public who have been suffering for several years due to the various crises that have hit the country.

Although the Group has been able to deliver a resilient performance in the face of one of the most challenging periods faced by the country since independence, we understand the gravity of the many hurdles that await the Group in the new financial year, which may range from a contracting economy, supply chain disruptions or multiple other constraints. We are adopting a combination strategy approach, capitalizing on the increased consumer awareness of our brands and also aggressively focusing on further streamlining operations. We intend to focus on cost management and cash conservation in order to navigate through these unpredictable times, whilst selectively choosing new business opportunities to accomplish our growth aspirations.

ACKNOWLEDGEMENT

It is with deep regret that we record the demise of Mr. A. Rajaratnam and Mr. R. Seevaratnam who served on the Board of the Company. Mr. R. Seevaratnam had served on the Board for over nine years and the invaluable services rendered and counsel at all times is noted with appreciation. Mr. A. Rajaratnam served on the Board since 1988 and as Chairman from 2003 to 2017 and continued to serve on the Board at the time of his demise. He ably steered the Company until he relinquished his position as Chairman in the year 2017 and the Company has benefitted from his judgement and experience which we note with gratitude and appreciation.

I would like to thank my colleagues on the Board for their guidance throughout the year. I am deeply grateful to the wonderful employees of E. B. Creasy Group who have worked hard while showing great resilience, a positive mindset and a calm approach as they navigated through the challenges of the year. I would like to express my gratitude to our valued customers, business partners, and shareholders for their continued trust and confidence in us.

Having weathered many a storm and emerged stronger than ever before during our 175-year journey, we are confident that if we continue to work with passion and dedication as one Group and one nation, we will reach our true potential and an era of sustainable economic stability.

S. D. R. Arudpragasam
Chairman

31st August 2023

BOARD OF DIRECTORS

S.D.R. ARUDPRAGASAM *FCMA (UK)*

Chairman/Managing Director

Mr. S.D.R. Arudpragasam joined the Board in 1988, and took on responsibilities as Managing Director in 1989. He was appointed Chairman on 1st October, 2017. Mr. Arudpragasam was also appointed Chairman of the Parent Company, The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July 2022. He has been associated with the CFLB Group since 1982 and prior to such appointment he held the position of Deputy Chairman on the Board of The Colombo Fort Land and Building PLC. Mr. Arudpragasam serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC (CFLB) including Chairman, Lankem Ceylon PLC and C M Holdings PLC in addition to holding other Directorships within the CFLB Group.

Mr. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (UK).

S. RAJARATNAM *B.SC. CA*

Joint Managing Director

Mr. S. Rajaratnam was appointed to the Board as Deputy Managing Director in the year 2006. He was appointed Joint Managing Director on 1st April, 2018. He serves on the Boards of certain subsidiaries of the E. B. Creasy Group and holds several other Directorships including The Colombo Fort Land & Building PLC.

Mr. S. Rajaratnam holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a Member of the Institute of Chartered Accountants in Australia.

R.C.A. WELIKALA

Director

Mr. R.C.A. Welikala was appointed to the Board in the year 2000. He has extensive experience in marketing of fast moving consumer goods and has successfully developed key brands in the E.B. Creasy Group to market leadership positions. He also holds other Directorships within the E. B. Creasy Group

R.N. BOPEARATCHY *B.SC. (CEY), DIP. BM, MBA (UNIV. OF COL.)*

Director

Mr. R.N. Bopearatchy was appointed to the Board in the year 2000. He has considerable expertise in product development, manufacturing and marketing of pesticides, pharmaceuticals and consumer products.

Soon after graduation he was employed in Research in the Plant Pathology Division of the Tea Research Institute and subsequently joined Chemical Industries Colombo Limited and was appointed to its Board. He also served on the Boards of Crop Management Services (Pvt) Limited the managing agents for Mathurata Plantations Limited, CIC Fertilizers Limited and Cisco Speciality Packaging (Pvt) Limited. He has held office as the Chairman of the Pesticide Association of Sri Lanka, the Toxicological Society of Sri Lanka and the International Mosquito Spiral Manufacturers Association (IMSMA).

Mr. R.N. Bopearatchy serves as a Director in several Companies in The Colombo Fort Land & Building Group.

He holds a Bachelor of Science degree from the University of Ceylon, a Master's in Business Administration from the University of Colombo and a Diploma in Business Management from the NIBM.

P.M.A. SIRIMANE *FCA, MBA*

Director

Mr. P.M.A. Sirimane joined the E. B. Creasy Group in October, 2009 and was appointed to the Board in November, 2009.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Master's in Business Administration from the University of Swinburne, Victoria, Australia. Mr. Sirimane serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Finance Officer of Sri Lanka Telecom Ltd., and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

A.R. RASIAH *B.SC. (CEY.), FCA*

Director

Mr. A.R. Rasiah was appointed to the Board as an Independent Non-Executive Director in June 2010. He functions as a Non-Executive Director of the E. B. Creasy Group of Companies, and on some of the Boards of the Hotels Sector in The Colombo Fort Land & Building Group. Mr. Rasiah was also appointed to the Board of the Parent Company, The Colombo Fort Land & Building PLC with effect from 8th June 2023.

Mr. Rasiah is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and finalist of the Chartered Institute of Management Accountants (UK). He holds a Bachelor of Science Degree from the University of Ceylon.

Mr. A.R. Rasiah's illustrious career both in finance and commerce spans over forty years. He started his career with Ernst and Young and later served at Mercantile Group of Companies and Almulla Group of Companies, Kuwait. Finally, he joined Nestle Lanka PLC as Director Finance in 1994 and was with the Group until his retirement in 2005. He was formerly Chairman of Atlas Axillia (Pvt) Ltd., Chairman of the Sri Lanka Institute of Directors and Senior Director of Nations Trust Bank PLC. Currently Mr. Rasiah functions as the Chairman of Hela Apparel Holdings PLC, Alternate to Chairman of Gestetner of Ceylon PLC, and as a Director of Fintek Managed Solutions (Pvt) Ltd, Clindata Lanka (Pvt) Ltd, Sunshine Tea Co (Pvt) Ltd and Watawala Plantations PLC. He is also a keen sportsman who represented Sri Lanka at Table Tennis.

S.N.P. PALIHENA *FCIB (U.K.), FIB (SL), POST GRAD. DIP. BUS. & FA*

Director

Mr. S.N.P. Palihena was appointed to the Board as an Independent Non-Executive Director in June, 2010. In addition to serving on the Board of E. B. Creasy & Company PLC and some of its subsidiaries he also serves on certain Boards of The Colombo Fort Land & Building Group.

He was a former Chief Executive Officer/ General Manager of Bank of Ceylon and has had a distinguished banking career spanning almost 40 years at the Bank of Ceylon. He has also worked at the National Development Bank of Sri Lanka for a period of over three years. Mr. Palihena is a former Director of DFCC Bank and Softlogic Finance PLC.

He is a Fellow of the Chartered Institute of Bankers, London and a Fellow of the Institute of Bankers of Sri Lanka. He also has a Postgraduate Diploma in Business and Financial Administration.

DR. A.M. MUBARAK *B.SC. (SL), PH.D. (CANTAB), FICHEMC, FNASSL*

Director

Dr. A.M. Mubarak was appointed to the Board as an Independent Non-Executive Director in September 2013. Dr. Mubarak a Commonwealth Scholar has a B.Sc. Degree from the University of Colombo and a Ph.D. from University of Cambridge UK. Dr. Mubarak, a former Director and Chief Executive Officer of the Industrial Technology Institute has several years' experience in managing demand driven R&D.

Dr. Mubarak has served as Chairman of National Science Foundation and Chief of Research and Innovation of the Sri Lanka Institute of Nanotechnology (Pvt) Ltd. He also has served on the Boards/Councils of the University of Colombo, Postgraduate Institute of Science, Sri Lanka Accreditation Board, National Engineering Research & Development Centre and National Science and Technology Commission. Currently he is a Member of the University of Sri Jayewardenepura Council and the Sri Lanka Standards Institute Council. He has also held the posts of President of the Institute of Chemistry, Ceylon, Sri Lanka Association for the Advancement of Science and National Academy of Sciences of Sri Lanka.

Dr. Mubarak serves on the Board of Lankem Ceylon PLC and some of its subsidiaries and as Chairman of Union Chemicals Lanka PLC.

A.M. DE S. JAYARATNE *B.SC. (ECON.), FCA (ENG. AND WALES), FCA (ICASL)*

Director

Mr. A.M. de S. Jayaratne was appointed to the Board as an Independent Non-Executive Director in April, 2014. He is a former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science Degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

BOARD OF DIRECTORS

S.W. GUNAWARDENA *B.SC., MBA*

Director

Mr. S.W. Gunawardena joined the Company in 2002 and was appointed to the Board in April, 2014. He also serves on the Boards of some of the subsidiaries of the E. B. Creasy Group.

He is currently the Head of the Home Care Division and has initiated many new businesses.

Prior to joining the Company, he had served in leading mercantile establishments in Sri Lanka and overseas.

He serves on the Board of International Household Insecticides Manufacturers BHD and functions as the Treasurer from 2014. He is also a member of the Standing Committee on University Business Linkages (UBL) under University Grants Commission.

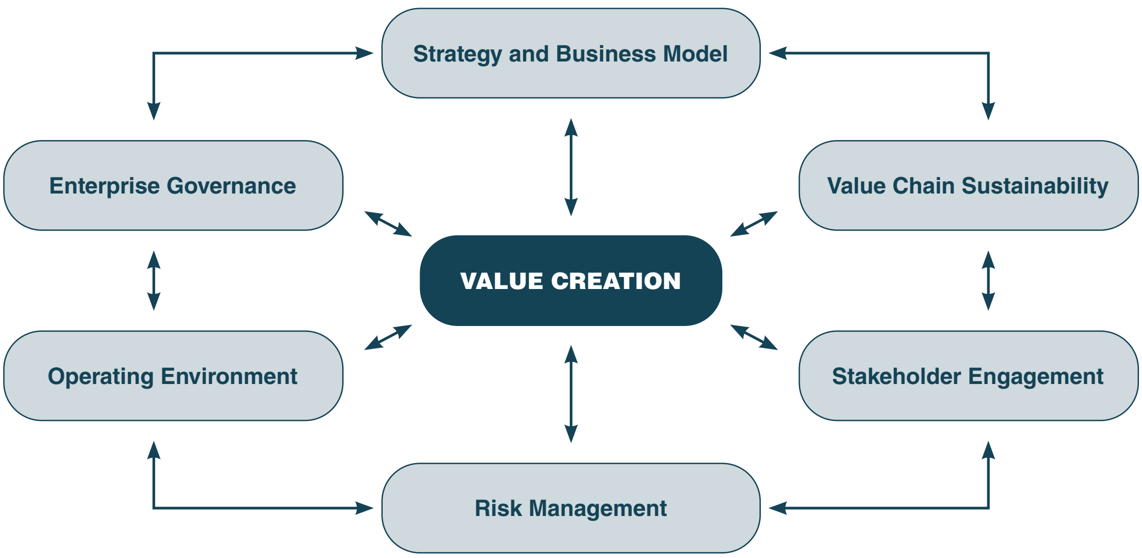
He holds a Bachelor of Science degree from the University of Colombo and a Master's in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenapura.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC REPORT

VALUE CREATION

This section provides insights into how various business processes are integrated to create value for our stakeholders. Having adapted to changes in the operating environment the Group Strategy is executed in a resilient business model with a constructive approach to stakeholder engagement, to make an economic impact and to create value for our stakeholders.



BUSINESS MODEL

The Group focuses on consolidating and strengthening its core businesses. Our valued consumers are at the centre of our business model as we always strive to deliver the best through our value chain.

A. Group Capitals

As such, the Group deploys its Capitals into its principal activities to create value for all stakeholders.

Financial Capital	• Prudent Cash Flow Management • Strategic Investments • Access to Financial Resources • Optimal Capital Structure
Manufactured Capital	• State-of-the-art Manufacturing Facilities • Modern Technology • Strict Quality Standards
Intellectual Capital	• Brand Equity • Good Governance and Compliance • Internal Control Systems
Human Capital	• Strong Leadership • Passionate, Loyal and Dedicated Team • A Diverse Workforce
Natural Capital	• Environmental-Friendly Manufacturing Processes • Responsible Usage of Natural Resources • Green Energy Generation
Social and Relationship Capital	• Consumer Loyalty • Long Standing Relations with Foreign Principals and Suppliers • Strong Distributor Network across the Island • Social Responsibility and Community Support

B. Principal Activities

The Group invests in sustainable businesses with greater social responsibility to fulfill its vision. Group businesses are classified into key sectors.

CATEGORY	PRINCIPAL ACTIVITIES
FMCG Consumer Brands	Manufactures homecare and personal-care brands that instill in the minds of consumers
Healthcare	Ensures that vital pharmaceutical products and infant milk powder are made available to our local consumers
Food and Confectionary	Supplies ingredients to the local food and bakery sector and manufactures branded confectionary under strict quality standards
Steel Wires	Manufactures hot dipped galvanized steel wires and nail wires for the construction industry
Energy and Lighting	Distributes batteries and CFL and LED bulbs under "Laxapana" brand and invests in green energy generation
Solar and Hardware	Supplies solar modules, aerosol paints, and water pumps, and undertakes installations of rooftop solar systems
Exports	Manufactures value-added latex sports bands conforming to international standards for export purpose

GROUP PROFILE

E. B. CREASY & COMPANY PLC AND DARLEY BUTLER & COMPANY LIMITED

In 1878, Edward Bennet Creasy established the 'House of E. B. Creasy' – laying the foundation for an enduring business conglomerate that now contributes towards the nation's household and healthcare needs. Incorporated as a limited liability company in 1929, the Company was listed on the Stock Exchange back in 1968.

Operating successfully for over fourteen decades and fulfilling needs of several generations, E. B. Creasy & Co. PLC continues to maintain a growing market presence - providing products that make a significant difference in people's everyday lives. The Company believes in providing functional products manufactured responsibly with no detriment whatsoever on society and the environment. Hence, the Company has painstakingly adopted and implemented several sustainable production methods – ensuring the right practices behind all operational processes and product choices.

The management is accountable for the Company's manufacturing and marketing practices – as they continuously assess conformance to ethical practices whilst elevating business operations to locally and internationally accepted standards, rules, laws and regulations. The Company's success and long-term value creation for stakeholders is based on benchmarks – as it seeks to create and share benefits of economic success with shareholders, investors, employees and communities. Moreover, the Company has a central tenet that governs each decision and strategy – which is based on contributing to the betterment of the economy, environment and people, or the triple bottom-line.

E. B. Creasy & Co. PLC operates across many business lines, representing prominent consumer brands in Sri Lanka. The Company's fully-owned subsidiary Darley Butler also enjoys tantamount, nationwide recognition as a household name – supplying several highly popular retail categories and product offerings. Darley Butler was acquired in 1967 by E. B. Creasy & Co. PLC, becoming one of the Group's main subsidiaries. Darley Butler & Co. Ltd. is engaged in the branding, marketing and distribution of a spread of consumer goods (FMCG). The Company's roots date back to 1848, when it was formed through a partnership between Edward Darley and Samuel Butler. In 1920, the Company was changed to a limited liability enterprise, with a subsequent shift towards importation of goods and distribution of household products.

Darley Butler, being the consumer marketing subsidiary of the Group, has one of the most extensive marketing and distribution systems in the country. Darley Butler is also in possession of a fleet of vehicles dispersed across the island. Decentralising operations, Darley Butler works with more than 100 stock-holding agents enabling the Company to access stocks and facilities for effective means of island-wide distribution to retailers, wholesalers, and other private and state sector enterprises.

The Company markets a diverse range of fast-moving consumer goods, which are some of the most prestigious household brand names in the country. The Company has embarked on several new products under their own proprietary brands, which have been tremendously successful. The Company envisages entering several identified strategic markets in the future.

While end-consumers remain a core category of those served, the Company distributes goods and services through supermarket chains and wholesalers. The Company is in partnership with several foreign principals with access to some of the world's most-used products and international best practices.

STRATEGIC REPORT

Following the formula of strategic acquisitions and prudent business sectors with economic and social benefits, the Company has evolved towards the status of a diversified enterprise with operations extending towards several industries. In addition, the Company has access to a strong dealer network and partners gathered across the years: a sure competitive leverage in attracting the world's best brands and distributing goods and services across the island. Moreover, the Company's logistics services make it more versatile, with access to an international distribution network for importing and exporting goods across the world.

The Group's core business sectors include homecare and personal-care consumer goods, healthcare, nutrition and food products, logistics, energy and lighting products, manufacturing galvanized steel wires, manufacturing and exportation of value-added latex products and marketing and distribution of industrial and automotive accessories in addition to solar power generation solutions.

CANDY DELIGHTS LIMITED

The company manufactures medicated candy 'Hacks' licensed by Cadbury Schweppes PLC, and also produces flavoured candy, under the brand name 'Candyman' for the local market.

LAXAPANA BATTERIES PLC

In operation since 1956, Laxapana Batteries PLC (formerly known as Elephant Lite Corporation Ltd.) pioneered the manufacturing of dry cell batteries in Sri Lanka – in addition to AA and AAA batteries, CFL and LED bulbs, as well as rechargeable torches. Elephant Lite Corporation Ltd was incorporated as a public limited liability company in 1956 as one of the first industrial ventures set up in the country and was quoted on the Colombo Stock Exchange in 1982. In August 2005, the name of the company was changed to Laxapana Batteries Limited and subsequently re-registered as Laxapana Batteries PLC.

Laxapana continues to operate a fully-equipped laboratory to ensure the quality of dry cell batteries marketed by the company and also a laboratory testing facility to ensure quality of CFL and LED bulbs. Laxapana ventured into investments in rooftop solar projects. Its 3 ½ acre freehold property at Homagama is rented out to E. B. Creasy & Co. PLC.

MULLER & PHIPPS (CEYLON) PLC

The company's fully owned subsidiary, Pettah Pharmacy (Pvt) Limited is functioning as an agent representative in Sri Lanka for foreign pharmaceutical companies and operates in importing, marketing and distribution of pharmaceuticals. Established in 1964, the Company is listed on the CSE.

E. B. CREASY LOGISTICS LIMITED

Formerly a division within E. B. Creasy, the company was segregated as a subsidiary of E. B. Creasy and renamed as E. B. Creasy Logistics Ltd. The company now engages in inward cargo clearance and outward forwarding, serving operations of the Group and external companies in transporting personal effects and goods across borders. The company's outward forwarding operations are conducted through a globally dispersed network of agents.

LANKA SPECIAL STEELS LIMITED

The company was incorporated in 2003 under the Board of Investment of Sri Lanka and acquired in 2015 by E. B. Creasy & Co. PLC from Tata Steel Ltd., the largest local manufacturer of galvanised wire. The Company produces a diverse range of wire forms from galvanized barbed wire, nail wire, and all other varieties of steel wire, wire rods, and related products.

CEYFLEX RUBBER LIMITED

Ceyflex Rubber Limited is a limited liability company incorporated and domiciled in Sri Lanka and operates as a fully owned subsidiary of E. B. Creasy. The principal activities of the company are manufacturing value added latex sport bands, clothing from natural rubber latex mainly for export markets.

C. Value Created for our Stakeholders

STAKEHOLDER	VALUE CREATED
Consumers	• Constant supply of homecare and personal-care brands to ensure the products are available to fulfill consumer expectations • International brands sourced from foreign principals to our local consumers • Quality healthcare, food ingredients and confectionary products • Input materials to construction sector • Investments in green energy generation, and energy and lighting products • Value-added products to overseas consumers that earn foreign exchange
Principals and Suppliers	• Shared business growth and knowledge • Market development • Ethical business practices

STAKEHOLDER	VALUE CREATED
Employees	• Employee training and career development • Inspiring lives of employees • Empowered Workforce • Compensation packages to retain talents • Human attachment
Business Partners	• Fair business terms with distributors • Availability of high quality brands • Supporting small and medium entrepreneurs • Meeting return expectations and shared business growth • Ethical business operations
Shareholders/ Financiers	• Shareholder wealth creation • Return on investment and dividends • Timely repayments • Relationship management • Business growth • Corporate Governance and ethical business operation
Environment and Communities	• Responsible consumption of natural resources • Waste management • Environmentally-friendly manufacturing processes • Creating business opportunities to the surrounding communities • Engaging with our communities and supporting the livelihoods of community entrepreneurs • Sponsoring scholarship programmes
Government	• Supporting direct and indirect job creation across the country • Direct and indirect tax payments • Saving foreign exchange to the country • Social welfare support • Enriching lives of the nation through supply of needed consumer goods and healthcare products

STAKEHOLDER ENGAGEMENT

Key stakeholders are parties that have a significant influence over the Group, or who would be significantly impacted by Group operations. Engaging stakeholders in decisions and business results involves recognising stakeholders, their expectations and maintaining two-way communication, on a regular basis. The Group takes a structured approach to stakeholder engagement to identify their motivations and expectations. As such, the Group takes regular stock of stakeholder concerns, including economic, social and environmental aspects. This enables developing a strategy that aligns with their aspirations. The Company's actions, decisions and strategies are based on these expectations, and they pivot the management to be accountable, transparent and prudent in matters of Corporate Governance and effective internal control mechanisms.

The Company maintains balanced relations with both local and international stakeholders. Criteria that guides in establishing prioritisation between stakeholders entail relationships, mutual contributions and influences on the Group.

The Company recognises several aspects of materiality that has direct impact on key stakeholders of the Group, and importantly, creating short term, medium and long-term value for stakeholders remains at the core of the Group's commitment.

This segment provides a description of our key stakeholders, their concerns identified, Group's response to such concerns and modes of engagement.

STRATEGIC REPORT

STAKEHOLDER	KEY CONCERNS	GROUP RESPONSE	MODE OF ENGAGEMENT
Consumers	• Quality of products • Affordability and accessibility • Environmental and Social Responsibilities	• Efficient distribution networks with a widespread reach of consumers • Effective Value Chain with a growing portfolio of affordable products	• Ongoing market surveys • Feedback through distributors
Principals and Suppliers	• Business growth • Sustainable business relationships • Ethical and transparent business practices • Shared economic gains	• Compliance and good governance • Timely orders and settlements • Knowledge sharing	• Ongoing communications • Renewal of Contracts • Visits and meetings
Employees	• Career growth • Fair remuneration • Safety and respect • Grievance protocols • Concern for employees	• Good HR policies reviewed by the Board of Directors • Empowerment, training and talent development • Human attachment	• Performance reviews • Recognition and Awards
Business Partners	• Fair business terms • Availability of high quality brands • Profitability growth	• Fulfilling contractual terms • Meeting return expectations and shared business growth • Ethical business operations and compliance	• Ongoing business meetings • Efficient dispute resolutions • Contracts and compliance • Periodic audits
Shareholders/ Financiers	• Sustainable growth and return on investment • Good governance • Risk management • Timely communication • Prudent investments and ethical business conduct	• Maximise wealth through earnings growth and dividends • Adhering to good corporate governance and risk management practices • Timely disclosures and announcements	• Annual and Quarterly financial reports • Timely notices to the Colombo Stock Exchange • Press Releases
Environment and Communities	• Corporate Social Responsibility • Environment-friendly business activities • Opportunities for shared growth • Support for community needs	• Engagement with local communities creating job opportunities and business relationships • Sponsoring community activities • Community awareness programmes	• Community meetings • Business activities with small and medium local entrepreneurs
Government	• Regulatory Compliance • Partnership in economic development	• Timely payment of taxes and regulatory fees • Compliance with regulatory requirements • Investments in economic development activities in the country • Renewing certifications and licenses • Staff training and operating manuals	• Regulatory reports • Memberships in business associations • Periodic audits

OPERATING ENVIRONMENT

The 2022-23 financial year was undoubtedly one of the most turbulent years for Sri Lanka both from an economic and political perspective. The Sri Lankan economy registered its worst economic contraction since independence in 2022, primarily due to the impact of the unprecedented domestic economic crisis which was exacerbated by global headwinds that derailed any attempts of the economy bouncing back after the onslaught of the COVID-19 pandemic and its aftereffects. For the majority of the year, the country was faced multiple crises due to long power cuts and shortages in fuel, cooking gas, and medicine, as well as skyrocketing prices of food, medicines and other daily necessities.

KEY HIGHLIGHTS – ECONOMIC SECTORS

During the year 2022, Sri Lanka's GDP recorded a negative growth of 7.8% compared to the growth of 3.5% in 2021. Latest statistics reveal that the economy has contracted by 11.5% in the first quarter of 2023 from a year ago with all key sectors negatively affected. The reasons for such an alarming decline are many with longstanding macroeconomic weaknesses not being properly addressed and worsened further by questionable and ill-timed reforms in taxation and agricultural policies in recent years.

The agriculture sector, which had been struggling since 2019, contracted by 4.6% in 2022, compared to a year earlier primarily due to the severe shortages in chemical fertiliser and other agrochemicals, increased cost of sourcing raw materials, and constant disruptions to the supply chain networks across the country. The subsectors of growing rice, tea, vegetables, animal production, and marine fishing and marine aquaculture largely contributed to the overall contraction in the sector.

During the year, the country's industrial sector underwent a significant contraction of 16% year-on-year, mainly due to the poor performance of the construction and manufacturing subsectors which were faced with severe shortages in raw materials and substantial increases in related costs. In addition to this, the energy crisis which resulted in several hours of island wide power cuts coupled with the tighter monetary conditions also slowed down the performance of the industrial subsectors, thereby bringing down the overall sector performance.

The value addition from manufacturing activities registered a negative growth in 2022 and is reflected in the Index of Industrial Production (IIP). The overall manufacturing sector, which accounted for around 59% of the total industrial sector, contracted by 12.1% in 2022, in stark contrast to the 7.3% growth achieved in 2021. The subsectors of the manufacture of food products, textiles, refined petroleum products, other non-metallic mineral products, rubber and plastic products, and basic metal products all registered significant contractions during the year, resulting in the overall contraction in the IIP. However, on a positive note, the subsectors of wearing apparel, chemical and chemical products, beverages, tobacco products, leather and related products, and machinery and equipment, all of which made up around 30% of the IIP, managed to register an overall growth during the year.

INDUSTRIAL POLICIES

Despite the unprecedented economic crisis, the Board of Investment (BOI) and Export Development Board (EDB) took several measures to attract foreign investments with a focus on promoting export oriented domestic manufacturing industries. Meanwhile, the hard-hit SME industries were provided support by the industrial chambers via special training and promotional efforts. The Ceylon Chamber of Commerce (CCC) played a key role in organizing various trade delegations, networking events, international webinars, and discussion forums to promote trade and investment during the year.

UNEMPLOYMENT, WAGES, AND INFLATION

During 2022, the labour force or the economically active population decreased marginally to 8.547 million from 8.553 million recorded in 2021. The employed population edged up slightly to 8.148 million in 2022 from 8.114 million in 2021 while the unemployment rate dipped to 4.7% in 2022 from 5.1% of the previous year. The unemployed population dropped by 0.399 million in 2022 from 0.440 million recorded in the previous year. Mainly driven by the economic difficulties prevalent in the country, departures for foreign employment increased drastically by 154.4% to 311,056 in 2022 from 122,264 in 2021.

Real wages of employees in the formal and informal private sectors and the public sector declined due to the rising cost of living. However, mainly due to the demand for higher wages as a result of the escalating cost of living, the nominal wages of employees in all sectors increased in 2022 compared to the previous year. A special allowance of Rs. 5,000 for all employees in the public sector had a positive impact on the increase in nominal wages of public sector employees. It was initiated at the beginning of 2022 by the Ministry of Finance as a relief measure to the rising cost of living.

The country's consumer price inflation steadily increased throughout the year and reached an all-time high in September 2022 after which it started gradually descending with the implementation of tight monetary conditions and the steady easing of supply-side disruptions. The inflation increase was triggered by price pressures on several multiple fronts, including price hikes in food, energy, and transport costs, as a result of supply-side disruptions, quick adjustments to administered prices, and sharp depreciation of the Sri Lankan Rupee, among many others. Accordingly, the Colombo Consumer Price Index (CCPI, 2013=100) which measures the year-on-year headline inflation, hit 69.8% in September 2022 before adjusting downwards to 57.2% by December 2022 and 50.3% by March 2023.

EXTERNAL SECTOR AND INVESTMENTS

Sri Lanka's external sector was faced with severe BOP stresses in 2022 and required a multitude of policy measures to bring about stability. The Government commenced discussions with the IMF for a much-needed funding arrangement which came through towards the end of the financial year. The investment climate faced strong headwinds due to the scarcity and increased cost of investment goods triggered by the shortage in foreign exchange and the sharp depreciation of the Sri Lanka Rupee. Foreign Direct Investment (FDI) inflows, including loans received by companies registered under BOI, increased notably by 37.9%, year-on-year, to US$ 1,075.66 million in 2022, compared to US$ 780.2 million recorded in 2021.

INTEREST RATES AND EXCHANGE RATES

Throughout the year 2022, the Central Bank of Sri Lanka maintained a tight monetary policy stance and announced a significant increase in policy interest rates by 700 basis points in April 2022. This move was necessary to contain rising inflationary pressures, address vulnerabilities in the external sector and stabilize inflation expectations, with the goal of preventing possible hyperinflation and prolonged loss of economic activity. Additionally, the Central Bank introduced various regulatory measures including the removal of maximum interest rates on selected lending products and foreign currency deposits. Liquidity levels in the domestic money market remained at high deficit levels, especially during the first half of 2022, as a result of the foreign exchange sales by the Central Bank for importing essentials, net foreign loan repayments of the Government, net currency withdrawals by the public from the banking system, and maturities of foreign currency buy-sell swaps with domestic banks.

In March 2022, the Central Bank was forced to make a measured adjustment to the exchange rate in order to address the significant shortage in liquidity in the domestic foreign exchange market. This was followed by market speculation-driven depreciation of the Sri Lanka Rupee as it fell by as much as 80% against the US Dollar by May 2022. The Central Bank was able to stabilise the exchange rate towards the end of the current financial year, thereby helping to mitigate the adverse macroeconomic implications of excessive depreciation and volatility of the currency.

OUTLOOK

Following the International Monetary Fund (IMF) approved US$2.9 billion 48-month Extended Fund Facility programme in March 2023, the economy is on the correct path on the long road to recovery. The release of IMF funds has boosted Sri Lanka's chance of accessing long-term concessionary funding lines from other multilateral lending agencies such as the World Bank and Asian Development Bank. Such infusion of funds to the economy will bring in some degree of normalcy in the short to medium term and boost the country's international trade opportunities. However, there has to be a concerted national effort by all stakeholders and the willpower by the Government and relevant state authorities to implement required policy measures and structural reforms in a sustainable manner so that Sri Lanka's economy regains credibility worldwide and is able to bounce back. During the process of achieving these goals, the authorities need to keep the general public, business sector and existing and potential foreign investors updated in a transparent and timely manner at all times.

Operating Environment - Impact on the Group

INDICATOR	IMPACT ON GROUP PERFORMANCE 2022-23
GDP Growth	The prevailing financial crisis in the country has resulted in economic contraction. A contractionary monetary policy was adopted to counter the rising Inflationary pressure, which in turn caused a liquidity shortage in the domestic financial markets. These market conditions adversely impacted on the business growth. Nevertheless, the Group is well positioned in essential product categories such as consumer goods, food and healthcare, which supported the performance during the year.
Inflation	The Group encountered a significant inflationary pressure resulting from oil price hikes in the world market, electricity price increases and the sharp depreciation of the Sri Lankan Rupee against foreign currencies.
Exchange Rate	The steep depreciation of the Sri Lankan Rupee impacted negatively on Group's margins due to high dependency on imports, and increased exchange losses on foreign currency denominated import bills.

INDICATOR	IMPACT ON GROUP PERFORMANCE 2022-23
Foreign Exchange	Unavailability of foreign exchange to facilitate import requirements due to severe depletion of the country's foreign exchange reserves.
Interest Rate	The unprecedented increase in interest rates stemming from a contractionary monetary policy negatively impacted on Group's profitability through increased borrowing cost.
Technology Shifts	In the midst of the pandemic and the financial crisis, the Group launched a number of internet based initiatives to connect remotely to carryout business operations. This opened up new ways of business automation and the use of technology more effectively in day-to-day activities.
Policy Regulations	Certain import restrictions hampered the Group's normal business operation. However, the Group was able to mitigate its impact through alternative measures.

OUR ECONOMIC IMPACT

Statement of Economic Value Added

	2022/23 Rs. Millions	2021/22 Rs. Millions	Change %
Value Created			
Revenue	23,342	17,509	33
Share of Profit of Equity Accounted Investees	-	39	(100)
Other Income	178	28	536
Total Value Created	23,520	17,576	34
Value Distributed			
Operating Overheads	17,735	14,081	26
Employee Wages and Benefits	1,867	1,451	29
Payments to Lenders	1,970	842	134
Payments to Shareholders	296	417	(29)
Payments to Government	106	193	(45)
Total	21,974	16,984	29
Value Retained for Growth/(Deficit)			
Depreciation and Amortisation	290	234	24
Profit after Dividends	1,256	358	251
Total	1,546	592	161
Total Value Distributed and Retained	23,520	17,576	34

STRATEGIC REPORT

GROUP BUSINESS STRATEGY

STRATEGY	PLANS	PROGRESS	CHALLENGES
Expanding the portfolio of consumer brands that meet the emerging needs of the consumers	• Consolidate and create the market leading positions in Homecare and Personal-care sectors • Create brand equity that are close to consumer hearts and minds • Invest in new brands, and furthering production capacities • Invest in efficiency and productivity improvements in our manufacturing processes	• Reinforced brands with new variants - Bubble, Teepol and Denta • Invested in capacity building • Maintained channel excellence • Defended and grew the market share in a challenging environment • Margin improvements through changes to the value chain • Expanded the distribution network with a focused strategy	• Steep depreciation of the Sri Lankan Rupee • High inflationary pressure • Decline in consumers' disposable income • Shortage of foreign exchange to facilitate imports • Increase in global commodity prices and freight cost • High cost of funding and contraction of credit facilities
Quality healthcare products to our communities at affordable prices	• Inorganic growth strategy • Ensure continuous availability of pharmaceutical products • Good rapport with overseas suppliers	• Added new products to the portfolio and expanded the offering • Maintained supply chain consistency	• Price regulations over certain products • Sharp depreciation of the Sri Lankan Rupee reducing profitability
Invest in Business Growth	• Capacity building in steel wire manufacturing facilities • Invest in rooftop solar projects • Market development for food sector	• New manufacturing plants for steel wire manufacturing • Installed and commissioned rooftop solar projects • Uninterrupted supply chain to ensure availability of products	• Curtailed credit growth through economic contraction • High cost of capital • Import restrictions • Depreciation of the Sri Lankan Rupee making investments unviable

INTEGRATING SUSTAINABILITY

INTEGRATING SUSTAINABILITY

Sustainability has always been at the core of all that we do. We adopt a three-pillar-based approach that enables us to continuously focus on sustainable growth while maintaining the trust and confidence of our loyal customers who span across generations towards our products and services. This approach to managing operations and business has enabled us to focus on ensuring accountability in all areas of business, and also derive positive results from our products and practices on the economy, environment, and people.

By creating long-term value for all our stakeholders, we focus on ensuring long-term sustainability and growth through strategic transformations and innovations.

SUSTAINABILITY FRAMEWORK

At E. B. Creasy & Co. PLC, we continue to integrate sustainability into our verticals, especially in those that fall within the operational framework and business practices of our subsidiaries. We focus on responsible manufacturing processes, promoting the well-being and health of all our employees and concerned stakeholders, while also reinforcing gender equality, non-discrimination, and equal learning opportunities. Ensuring access to affordable, clean, and renewable energy, providing sustainable practices in water management, ensuring hygiene, and sustainable consumption of natural resources, while minimising any negative impact on the environment have always been our priorities. Thereby ensuring that all our processes of production and operations have positive impacts with minimal or no negative consequences on the economy, environment, and people. Therefore, we have aligned all operations to make a positive contribution toward the triple bottom line.

The Group has always emphasised providing products and services that would enhance the quality of life of our consumers. It is for this reason that we ensure that products are of a high standard and that those that meet stringent quality requirements are provided through our healthcare, safety, and personal hygiene segments. Furthermore, we believe we must offer products that have been manufactured to stringent health and safety standards. With production being one of our core operations, we ensure that the raw material used by our manufacturing subsidiaries meets the necessary quality and industry standards by conducting a thorough evaluation of our suppliers. Our manufacturing facilities contribute to the triple-bottom-line through the assurance of quality products, sustainable green practices, and occupational health and safety of employees.

OPERATIONAL SUSTAINABILITY

Sustainability is at the core of our business and manufacturing operations including product creation and generating employment opportunities. Therefore, the Group continuously focuses on:

- The provision of quality and safe products that elevate standards of living.
- Ensuring no negative impacts from operations on people and the environment.
- Commitment to on-time deliveries.
- Providing customer requirements.
- Fulfilling supplier expectations.
- Compliance with quality standards, and adherence to laws, regulations, and policies.

The above focus areas are constantly assessed with corrective action taken through periodic corporate audits. In addition, we conduct annual assessments to renew our quality and environmental management standards while taking an in-depth look into issues that require ratification from the management, supervisory staff, and employees.

We continue to focus on developing and implementing innovation to maximise the efficient use of resources while ensuring that the risk and impact on the environment are minimised. We focus on increasing efficiency in waste management, water management, ventilation, renewable energy, and measuring and monitoring systems.

We continue to implement various initiatives to reach our sustainability goals. Furthermore, we are focusing on pollution prevention, health and safety risk prevention, regulatory compliance, and continuous improvement to enhance the quality of life of the people of the country.

We have aligned our sustainable development-oriented activities with the United Nations Sustainable Development Goals (SDGs). As a result, the Group has implemented several projects since 2010 intending to achieve triple-bottom-line objectives, which has brought us much recognition while also reaffirming our commitment to the sustainable development of our society. We have always taken our responsibilities towards the nation very seriously, as such we are extremely proud that we are one of the companies that are making a significant contribution towards achieving the UN SDG Goals for the Sri Lankan government by 2030.

INTEGRATING SUSTAINABILITY

SUSTAINABLE MANUFACTURING

Our state-of-the-art manufacturing facilities practice the 3R concept of Reduce, Reuse, and Recycle. This entails the following;

- Reduction of water usage, electricity and power consumption, damage or defective production.
- Reuse of damaged production trays and heavy metals, packaging, sawdust, and chemicals.
- Recycling of water, chemicals, and wood powder.

We have invested in a chemical recycling system at our homecare factory to ensure zero chemical emission to earth. We treat our wastewater at our water treatment plants per the Central Environmental Authority standards so that the wastewater is not contaminated and not harmful to the environment and living beings. Domestic wastewater is treated before being reused for gardening and landscaping. Proper disposal of waste is also an area that we have invested in, and we procure external services to ensure the proper and safe disposal of all waste.

We have also focused on improving energy efficiency through several projects, where we contribute to affordable, reliable, sustainable, and modern energy. Schemes include,

- Optimising efficiencies in the compressed air system, wastewater treatment, solar power generation, and grid supply.
- Awareness programmes and monitoring carbon emissions from the air conditioners and machinery usage.
- Production-based subsidiaries maintain modern energy-saving machinery.
- Indoor plants absorb internal CO2 emissions and skylights to reduce reliance on electrical lighting.

As a Group, we are striving toward responsible consumption and production. As such we try to use renewable packing material as much as possible to pack our products. Furthermore, we apply lean manufacturing practices to ensure that our manufacturing operations practice sustainable consumption and production by minimising wastage.

ENVIRONMENTAL MANAGEMENT STANDARDS AND CONTINUOUS IMPROVEMENT

We comply with international and Sri Lankan standards such as SLS and ISO, which mandate an environmental management system that fosters better practices in environmental sustainability. We continue to focus on improvements in production and management practices and maintain our compliance with certifications and standards which enables us to continually improve practices, across subsidiaries. This in turn will enable continuous improvement of manufacturing processes, efficiencies, and products. In our commitment to ensure sustainability, we maintain relevant documentation relating to all ISO environmental standards, with deviations reported and relevant changes implemented. We follow due diligence and conduct internal audits for SLS and ISO and external assessments by principals.

We are committed to reducing our overall carbon footprint in our operations. The manufacturing plant in Millewa is one such example of the steps taken where the greenhouse gas emissions are audited by a government-certified auditor. We have implemented the green building concept in our manufacturing plants and have adopted multiple measures including indoor gardening, natural illumination, low energy-consuming lighting, and solar power generation.

Our SLS and ISO-certified manufacturing plants received carbon-neutral certification from the Sri Lanka Climate Fund, for offsetting our carbon footprint and high eco-friendly processing standards in all aspects of production. This is a testament to the efforts we have made to reduce our carbon footprint and ensure sustainability.

ACCOUNTABILITY AND TRANSPARENCY

As a responsible conglomerate, E. B. Creasy takes proactive steps to maintain transparency of its strategic decisions and transformations amongst shareholders and investors, while also informing and involving middle management and subordinates at all relevant junctures – mainly in critical operational decision-making.

In disseminating information with stakeholders, the Group uses the Annual Report in publishing yearly financial results and strategic actions. In addition, the Group works in unison with its principals to ensure complete abidance with expected standards in manufacturing of franchised products and distribution of imported products, including after sales services. Moreover, the Group maintains all reporting timely and accurately.

EMPLOYEE DEVELOPMENT AND OCCUPATIONAL SAFETY

Employee development is another central tenet across the Group; hence, employees are provided with regular training programmes on areas such as soft skill development, emergency preparedness, first-aid training and opportunities to engage in personality-building initiatives.

Furthermore, employees are recruited on no gender-biases, and are provided with equal opportunities to progress – irrespective of age, gender or social backdrops. The Group also complies with all statutory labour laws and offers competitive salaries and wages.

Ensuring occupational health and safety, trained teams provide assistance during accidents and emergency situations. Employees, especially within manufacturing plants are routinely updated on ensuring a safe workplace and are educated on maintaining personal as well as co-worker safety at all times – especially within factory premises. Employees are trained by qualified and experienced trainers. Ergonomy is also a concern – where monthly complaints are recorded which results in corrective actions for a supportive work-environment.

FINANCIAL PERFORMANCE AND SECTOR REVIEW

GROUP FINANCIAL PERFORMANCE

The financial year 2022-23 was confronted by a severe financial crisis, possibly the most turbulent times the country has ever encountered. Consequently, everyone was affected by the unprecedented challenges experienced in different fronts - fuel shortages, power outages, social unrest, and record-high inflation and interest rates to name a few. Regardless of the volatile environment, the Group placed on record a noteworthy performance of yet another successful year on its 175 years old journey driven by remarkable efforts and determination of our employees, partners and stakeholders across the value chain.

The cumulative performance for the financial year 2022-23 denoted an acceptable growth led by the Group's commitment to serve its consumers in the core business segments, Homecare, Personal-care, Healthcare and foods. Even through unprecedented shocks such as the COVID pandemic and the on-going economic turmoil, the Group continued to execute its strategies to minimize disruptions to supply chains with persistent focus on working capital efficiencies and cost rationalization measures by collective efforts of our stakeholders.

The Group revenue and profit before tax for the year under review stood at Rs.23.3 Billion and Rs.1.80 Billion respectively, both reporting an increase of 33 per cent and 73 per cent respectively over the previous year. The profit before tax grew by Rs.762 Million in the FY2022-23. The Group's Homecare and Personal-care segments delivered stable performances exhibiting steady progress. The Group's healthcare and food businesses recorded outstanding results both in revenue and profitability over the previous year. The Company paid an interim dividend of Rs.1.00 per share for the FY2022-23, distributing Rs.253.5 Million to its shareholders. Against a challenging operating environment, we are encouraged by the progress we have made in the financial year.

The sharp devaluation of the Sri Lankan Rupee coupled with the rising oil and commodity prices in the world market created headwinds of inflationary pressure in the domestic environment. The Central Bank of Sri Lanka adopted a contractionary monetary policy to counter the inflationary pressure in the economy by raising policy interest rates to record high levels. This leads to slowing down of the economic growth due to unavailability of funding for new investments and making many investments financially unviable against an increased opportunity cost of capital.

The high interest rates applied on the Group's borrowings made the overall finance cost increased significantly in the year under review. The level of working capital investments on the imported goods was consciously increased by the Group combating the foreign exchange uncertainty in the financial market. The Company furthered significant investments by expanding its manufacturing capacities in Homecare and Personal-care factories, helping us deliver more of our quality products to consumers. However, these strategic initiatives in a regime of high cost of capital, have resulted in Group's net finance cost elevated sharply to Rs. 1.9 Billion for the FY2022-23, an increase of 145% over the last year. However, we expect reaping added economic value on these investments in the long-run of our operations.

As a Group that has stood by its stakeholders for 175 years, we were ahead of numerous challenges through our relentless determination to keep the core businesses operating and did not waiver in our commitment to providing our essential products to our valued consumers across the country. The businesses that account for the majority of our revenues and profitability were sustained and expanded strongly and accelerated our efforts towards positively impacting the society and the environment which we operate in. We have maintained tight control on costs and cash flows and as a result, have significantly improved our cash flow from operations during the financial year, which was partially reinvested in our growing business sectors, solidification of brand equity and increased working capital, making progress towards sustainable growth of our businesses and our corporate responsibility. Under tremendous challenges our teams have performed exceptionally well in managing the impact of the slowdown in economic activities and supply chain disruptions while addressing the operating challenges to factories and sales and distribution channels to ensure that our consumers have continual access to quality products. We have made satisfactory progress through the year by adapting to the ever changing social and economic challenges with agility and confidence. However, significant and unpredictable business risks remain. Even under a hostile business climate, the Group remains determined to fulfill its aspiration of delivering sustainable and profitable growth to maintain acceptable levels of return on capital employed, while ensuring our commitment towards our valued stakeholders.

SECTOR REVIEW

FMCG – Consumer Brands

The Group's consumer product categories are home to some of Sri Lanka's leading brands – backed by decades of innovations and continued advancements in product development, manufacturing practices and brand management approaches. They are purposeful and of high-quality, and are intended to optimise the quality of the lives for millions of Sri Lankans. The Group's Consumer Sector continued to expand its portfolio with innovative product launches to cater evolving needs of our consumers through an improved value proposition, reach and accessibility.

The Group's Consumer Sector delivered strong results during the year, reflecting its resilience and agility in responding to disruptions in the external environment. The sector experienced steady performance across all major categories, with improved revenue from both general trade and modern trade channels. Despite the sharp exchange rate volatility experienced during the year, continuous focus on cost management and efficiency improvements together with value chain developments secured our sector margins. The prevailing foreign exchange crisis in the country has led more attention on the importance of locally produced consumer goods. Thus, the Group's purpose would become even more relevant in the years to come.

Both the Homecare and Personal-care consumer businesses witnessed a steady consolidated performance in spite of numerous challenges in the market environment. The consumer goods sector revenue for the FY2022-23 stood at

FINANCIAL PERFORMANCE AND SECTOR REVIEW

Rs. 9.65 Billion (FY2021-22 - Rs.6.83 Billion), indicating an YoY growth of 41%. Due to increased promotional activities in further strengthening our brands and cautious improvements to our value chain, segment profits witnessed a growth of 45% over the last year.

Our key Homecare brands-Ninja and Amritha, and Personal-care brands Denta and BIC, are manufactured at Company's manufacturing facilities under stringent manufacturing standards, and marketed island-wide by Darley Butler & Company Limited, significantly contributed towards our growth. Our newly re-launched Homecare brands-Bio Clean, Teepol, and Fenol, together with Bubble, Softny and All Out, have been well received in the Homecare domestic market.

During the year, the Company undertook significant investments towards expanding the production capacities of Denta toothbrush manufacturing and introduced new product variants to the market. Our BIC and Denta Factory was honoured with the "Green Building Platinum Award" for the third consecutive year at the Annual Green Building Awards-2022.

Healthcare and Nutrition

The Group successfully runs a large Pharmaceutical Distribution operation. The sector collaborates closely with overseas principals, regulators and medical professionals to ensure the health and wellbeing of all Sri Lankans by supplying important Pharmaceutical brands and infant milk powder through its well-established Distribution network.

The Sector focuses on expanding its product portfolio through inorganic growth initiatives. Though revenues were increased significantly during the year, exchange rate volatility affected the sector margins. Foreign exchange constrictions posed greater challenges to the supply chain sustainability.

The revenue from the Healthcare sector which operates under Darley Butler & Company Limited stood at Rs.4.4 Billion for FY2022-23 (FY2021-22 - Rs.2.5 Billion), an YoY increase of 75% over last year.

Muller & Phipps (Ceylon) PLC, a subsidiary of E. B. Creasy & Company PLC, a specialized pharmaceutical distribution arm, via its 100% owned subsidiary-Pettah Pharmacy (Pvt) Limited, achieved a revenue of Rs.526.85 Million (FY2021-22 - Rs.1,064.6 Million). However, the company reported a loss before tax of Rs.125.96 Million (FY2021-22 – a loss before tax of Rs.55.85 Million) for the financial year under review, chiefly due to exchange losses incurred from foreign currency denominated import bills which caught in to the sharp devaluation of the Sri Lankan Rupee. Moreover, the long outstanding dues from the State Pharmaceutical Corporation resulted in an increased finance cost to Pettah Pharmacy (Pvt) Limited and disturbed the smooth continuation of its working capital cycle.

Food and Confectionary

The food sector in the Group performed well in the year under review, mainly supplying its product portfolio through the general trade and exclusive channels. The sector witnessed a boom in the institutional channel during the financial year.

The food and confectionary sector, recorded a revenue of Rs.4,196.13 Million for the financial year (FY2021-22 - Rs.1,591.3 Million), recording a revenue growth of 164% over the previous year.

Steel wire manufacturing

The Group manufactures Galvanized steel wire through its fully owned subsidiary, Lanka Special Steels Ltd., which is the leading Galvanized steel wire manufacturer in Sri Lanka.

Lanka Special Steels Ltd. was incorporated in Sri Lanka in November 2003, after Tata Steel Ltd. India acquired the business of Mascon Wire Industries, which then became a fully owned subsidiary of E. B. Creasy & Company PLC from 1st April 2015. Continuing its winning streak for distinction and quality, Lanka Special Steels Limited was honoured with several business excellence awards.

In the midst of present uncertainties, especially in the large-scale investments and the construction sector, the company witnessed a degrowth in the business during the current financial year. The revenue and profitability were under tremendous pressure due to the inconducive macro-economic conditions prevailed in the country and numerous disturbances impacted on the industry.

However, the company is optimistic about the future potential in the sector both locally and globally and continued its investment initiative during the year in setting up a new plant, helping the company to double its manufacturing capacities.

Energy and Lighting

Known famously for decades, 'LAXAPANA' is one of E. B. Creasy Group's signature brands, which first came into being in 1956. Laxapana Batteries PLC ("Laxapana"), a subsidiary of E. B. Creasy, was the pioneer manufacturer of D size dry cell batteries, namely Torch and Transistor batteries in Sri Lanka. Laxapana continues to market Zinc Chloride AA, AAA and 9V batteries, Alkaline AA batteries, CFL and LED bulbs and re-chargeable torches under Laxapana brand. Over the past 64 years, the name Laxapana has become synonymous with high quality dry cell batteries all over the country.

Laxapana ventured into a new strategic business to invest in rooftop solar projects and accordingly the company invested approximately Rs.400 Million in rooftop solar projects. The new investment initiative further diversifies Laxapana's business portfolio and is expected to contribute positively to earnings going forward. We believe that revenues from its trading businesses will continue to remain strong with Laxapana branded products experiencing strong market demand.

FINANCIAL PERFORMANCE AND SECTOR REVIEW

Laxapana Batteries PLC achieved a revenue of Rs.915.64 Million (FY2021-22 - Rs.869.8 Million) and a profit before tax of Rs.203.8 Million (FY2021-22 - Rs.131 Million) for the FY2022-23, a growth of 5% and 56% respectively over the last financial year. In line with many of our other businesses, we have seen a notable improvement in performance of Laxapana Batteries PLC in FY2022-23.

Solar and Hardware

The Group's Solar and Hardware Division has an island-wide dealer network which distributes products imported from well-known foreign principals comprising solar modules, aerosol paint and agro-water pumping systems.

The Division undertakes engineering, procurement and commissioning (EPC) of rooftop solar systems on turnkey basis. In line with government's policy of increasing the share of renewable energy production for the nation's total energy needs, the Company intends to expand its solar EPC business unit in rooftop solar systems installation. The Company successfully completed installation of more than 3MW of rooftop solar systems during the financial year.

Exports

The Group manufactures value-added latex products for export purposes under its fully owned subsidiary, Ceyflex Rubber Limited. The operation is managed by a team of highly qualified and dedicated staff with significant experience in natural rubber latex product development and quality management.

Its product range includes resistance loop bands from natural rubber latex, and exercise stretch bands, which are used for a variety of exercises to increase balance, strength and flexibility, Dental Dam, Oral Dam, and Latex Fashion Sheeting.

The Group witnessed a notable growth in its export business sector during the year, and investments were made to increase the production efficiencies of the value-added latex manufacturing plant, which caters to high-end export markets with a view to increasing the Group's foreign exchange earnings.

Future Outlook

The Group has delivered resilient performance in the FY2022-23, despite the profound impact of the ongoing economic crisis in the country. Overall, all our business sectors have shown a strong recovery from the earlier pandemic challenges, and the continuing financial crisis, demonstrating the Group's agility and confidence to stand strong even amidst the toughest of challenges.

We recognize the on-going risks to the Group, whether a contracting economy or supply chain disruptions or other constraints. We are adopting a combination strategy approach conceding the increased consumer awareness towards our brands and also aggressively focusing on cost management and cash conservation in order to navigate through these unpredictable times, whilst grabbing new business opportunities to accomplish our growth aspirations.

CORPORATE GOVERNANCE

ENTERPRISE GOVERNANCE

CORPORATE GOVERNANCE

The E. B. Creasy Group is committed to conducting the Business Activities ethically and in accordance with high standards of Corporate Governance.

The approach to Corporate Governance is guided by ethical culture, accountability, stewardship, independence, continuous improvement, strategy and risk management.

Given below is a demonstration as to how we adhere to good Corporate Governance practices recommended by the Institute of Chartered Accountants of Sri Lanka and the listing rules of the Colombo Stock Exchange.

1. THE BOARD OF DIRECTORS

BOARD, COMPOSITION AND MEETINGS

As at 31st March 2023, the Board comprised of the Chairman/ Managing Director, Joint Managing Director and nine other Directors who possess expertise in the fields of Finance, Management and Marketing.

NAMES OF DIRECTORS

Mr. S.D.R. Arudpragasam - *(Chairman/Managing Director) - Executive*

Mr. S. Rajaratnam - *(Joint Managing Director) - Executive*

Mr. A. Rajaratnam - *Executive (Deceased - 26.08.2023)*

Mr. R.N. Bopearatchy - *Executive*

Mr. R.C.A. Welikala - *Executive*

Mr. P.M.A. Sirimane - *Non-Executive (Ceased to be an Executive Director with effect from 31st December 2022)*

Mr. A.R. Rasiah - *Independent Non-Executive*

Mr. S.N.P. Palihena - *Independent Non-Executive*

Dr. A.M. Mubarak - *Independent Non-Executive*

Mr. A.M. de S. Jayaratne - *Independent Non-Executive*

Mr. S.W. Gunawardena - *Executive*

Mr. R. Seevaratnam, Independent Non-Executive Director who functioned as Deputy Chairman of the Company expired on 19.01.2023.

Mr. A. Rajaratnam, Executive Director expired on 26.08.2023.

DECISION MAKING OF THE BOARD

The Board has met once during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by resolutions in writing.

The individual attendance by members at the Board Meeting is shown below:

NAME OF THE DIRECTOR	TOTAL (1)
Mr. S.D.R. Arudpragasam	1/1
Mr. R. Seevaratnam	Excused
Mr. S. Rajaratnam	1/1
Mr. A. Rajaratnam	Excused
Mr. R.N. Bopearatchy	1/1
Mr. R.C.A. Welikala	1/1
Mr. P.M.A. Sirimane	1/1
Mr. A.R. Rasiah	1/1
Mr. S.N.P. Palihena	1/1
Dr. A.M. Mubarak	1/1
Mr. A.M. de S. Jayaratne	1/1
Mr. S.W. Gunawardena	1/1

RESPONSIBILITIES OF THE BOARD

- Determining the strategic direction of the Company and also setting the corporate values.
- Implementation and review of business strategy.
- Ensuring of an effective internal control system and a proactive risk management system.
- Ensuring compliance with ethical, legal, health, environment and safety standards.
- Approval of Interim and Annual Financial Statements for publication
- Ensuring succession arrangements of the Board and top management.
- Approval of budgets, corporate plans, major capital investments, divestments and acquisitions.
- Ensure all stakeholder interests are considered in corporate decisions.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulation.
- Approval of any issue of Equity and Debt Securities of the Company.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. Advice is also sought from independent external professionals whenever Board deems it necessary.

INDEPENDENT JUDGEMENT

The Board is committed to exhibit high standards of integrity and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.

FINANCIAL ACUMEN

At the end of the Financial year, the Board includes six Finance Professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to Finance.

BOARD BALANCE

At the end of the Financial year, the Board comprised of five Non-Executive Directors of whom four are Independent and six Executive Directors.

Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board makes a determination annually as to the independence/non-independence of each Non-Executive Director.

Mr. S.N.P. Palihena and Dr. A.M. Mubarak are Directors on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. These Directors also serve on the Boards of certain subsidiaries of the Company's Parent Company, The Colombo Fort Land and Building PLC. Mr. Palihena and Dr. Mubarak have served on the Board of the Listed Entity and on the Boards of some of its subsidiaries for over a period of nine years. However, the Board after taking into consideration that Mr. S.N.P. Palihena and Dr. A.M. Mubarak, Non-Executive Directors, are not directly involved in the management of the Company as well as all other circumstances listed in the Rules pertaining to the criteria for defining Independence is of the opinion that said Directors are nevertheless Independent.

Mr. A.M. de S. Jayaratne is a Director of the Parent Company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. He is also a Director on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. He has served on the Board of the listed entity, the Parent Company and on the Boards of some of its subsidiaries, for a period exceeding nine years. However, the Directors having taken into consideration that Mr. A. M. de S. Jayaratne, Non-Executive Director, is not directly involved in the management of the Company as well as all other circumstances listed in the rules pertaining to the criteria for defining Independence is of the opinion that Mr. A. M. de S. Jayaratne is nevertheless Independent.

Mr. A.R. Rasiah is a Director of the Parent Company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. He is also a Director on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. He has served on the Board of the Company and on the Boards of some of its subsidiaries, for a period exceeding nine years. However, the Directors having taken into consideration that Mr. A.R. Rasiah, Non-Executive Director, is not directly involved in the management of the Company as well as all other circumstances listed in the rules pertaining to the criteria for defining Independence is of the opinion that Mr. A.R. Rasiah is nevertheless Independent.

SUPPLY OF INFORMATION

Directors are furnished with monthly reports on Performance comprising of Financial Statements and such other Reports and documents as are necessary.

Apart from Board Meetings the Key Management Personnel meet regularly to monitor the performance of the varied business segments, and to review the progress towards achieving the budgets. Prompt corrective action is being taken after discussing the operational issues.

At Board Meetings the Directors are informed of important decisions taken at the aforementioned meetings in relation to routine operational matters for a final decision. Other matters of relevance to the Industries in which the Company operates are also conveyed to the Board.

ENTERPRISE GOVERNANCE

NOMINATION COMMITTEE/ APPOINTMENTS TO THE BOARD

New Directors are proposed for Appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance.

The details of new appointments to the Board are made available to the shareholders by making announcements to the Colombo Stock Exchange.

The Company's Nomination Committee comprises of Mr. A. R. Rasiah – Chairman, Mr. S. N. P. Palihena and Mr. A. M. de S. Jayaratne, Independent Non- Executive Directors.

RE-ELECTION OF DIRECTORS

In terms of the Articles of Association of the Company, a Director appointed to the Board (other than an appointment to an Executive Office) holds office until the next Annual General Meeting and seeks reelection by the shareholders at that meeting. The Articles require one-third of the Directors in office (excluding the office of Chairman, Managing or Joint Managing Director and any other Executive Office) to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

2. DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee Report is set out on page 36. The Remuneration Committee comprises of Mr. A.R. Rasiah - Chairman, Mr. S.N.P. Palihena and Mr. A.M. de S. Jayaratne – Independent Non-Executive Directors.

DISCLOSURE OF REMUNERATION

Aggregate remuneration paid to Directors is disclosed in Note 30 to the Financial Statements on pages 122 to 123.

3. RELATIONS WITH SHAREHOLDERS

CONSTRUCTIVE USE OF AGM /GENERAL MEETINGS

The Board considers the Annual General Meeting/ General Meetings an opportunity to communicate with shareholders and encourages their participation. The Board offers clarification and responds to concerns shareholders have over the contents of the Annual Report as well as other matters which are relevant to the Company.

OTHERS

The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The Company also maintains a website (www.ebcreasy.com) which offers any individual or a body corporate, information on the Company and its activities.

MAJOR TRANSACTIONS

There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.

PRICE SENSITIVE INFORMATION

Due care is exercised with respect to share price sensitive information.

4. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board places emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality. This enables both existing and prospective shareholders to make fair assessment on the Company's performance and future prospects. The Financial Statements are prepared in accordance with Sri Lanka Accounting Standards.

DISCLOSURES

The Annual Report of the Board of Directors is given on pages 40 to 42 in this Report. The Auditor's Report on the Financial Statements is given on pages 48 to 51 of this Annual Report. Financial Information of business segments are given on pages 123 to 124.

GOING CONCERN

The Directors are of the belief that the Company is capable of operating in the foreseeable future after adequate assessment of the Company's financial position and resources. Therefore, the Going Concern principle has been adopted in the preparation of Financial Statements.

INTERNAL CONTROL

The Board of Directors is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to safeguard assets against unauthorized use or disposal and to ensure that proper records are maintained. It includes all controls including financial, operational and compliance controls and risk management.

However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable timeframe.

AUDIT COMMITTEE

The Audit Committee Report is set out on pages 37 to 38 of this Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 30 (b) to the Financial Statements.

The Report of the Related Party Transactions Review Committee appear on page 39.

5. OTHERS

RIGHTS OF EMPLOYEES/ OTHER STAKEHOLDERS

The Company identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees.

The constant responsiveness to all stakeholders' interests will ensure that the Governance process will continue to add value in the future.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of the following members:

Mr. A.R. Rasiah - *Chairman*
Independent/Non-Executive Director

Mr. S.N.P. Palihena - *Member*
Independent/Non-Executive Director

Mr. A.M. de S. Jayaratne - *Member*
Independent/Non-Executive Director

The Committee is responsible for recommending remuneration packages for the key management and senior management personnel. In addition, they lay down guidelines and parameters for the compensation structure of the management staff.

The Chairman/ Managing Director assists the Committee by providing relevant information and participating in the deliberations of the Committee.

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

The Committee has met once during the financial year ended 31st March 2023.

A. R. Rasiah
Chairman
Remuneration Committee

31st August 2023

AUDIT COMMITTEE REPORT

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

COMPOSITION

The Company's Audit Committee consists of Independent Non-Executive Directors of E.B. Creasy & Company PLC.

The Committee members are as follows,

Mr. A.R. Rasiah - *Chairman*
(Independent Non-Executive Director - EBCPLC)

Mr. A.M. de S. Jayaratne - *Member*
(Independent Non-Executive Director - EBCPLC)

Mr. S.N.P. Palihena - *Member*
(Independent Non-Executive Director - EBCPLC)

The Chairman of the Committee, Mr. A.R. Rasiah, is an Independent Non-Executive Director, and a finance professional with over 40 years of experience at a very senior level both internationally and locally. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Brief profiles of each member are given on pages 10 to 12 of this Annual Report.

Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

The Company's Secretaries, Corporate Managers and Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the Financial Reporting System is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and business risks.

The Committee also reviewed the financial reporting system adopted by the Group in the preparation of its Quarterly and Annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and compliance thereof with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka. The methodology included obtaining statement of compliance by the Chief Financial Officer and Directors-in-Charge of operating units.

The Committee recommends the Financial Statements to the Board of Directors for its deliberation and issuance. The Committee in its evaluation of the Financial Reporting System also recognised the adequacy of the content and the quality of routine management information and reports forwarded to its members.

The Committee discussed with the Management the readiness for the implementation of several new Sri Lanka Accounting Standards that will come into effect in the next few years and satisfied themselves that the necessary preparation work has been undertaken to enable the Company and the Group to adopt them.

INTERNAL AUDIT RISK AND CONTROL

The Committee reviews the adequacy of internal audit coverage for the Company and the internal audit plans of the Group. The Company's internal audit function is headed by the Manager Internal Audit and the Manager Internal Audit regularly reports to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with rules and regulations and established policies of the Company.

EXTERNAL AUDIT

The Committee ensures the independence of the External Auditors and confirms the compliance with the requirements under the Companies Act No. 07 of 2007 in relation to appointment, reappointment and removal of the External Auditors. The Committee makes recommendations to the Board as appropriate. The External Auditors are duly appointed by the shareholders at the Annual General Meeting of each year. Further, the Audit Committee reviewed the management letter issued by the External Auditors and the management comments.

MEETINGS AND ATTENDANCE

The Audit Committee has met on six occasions during the financial year ended 31st March, 2023 and the attendance of the Committee was as follows:

Mr. A.R. Rasiah	6/6
Mr. A.M. de S. Jayaratne	6/6
Mr. S.N.P. Palihena	5/6

In addition to Audit Committee Meetings, matters are referred to the Committee and reviewed and recommended by Resolutions in Writing.

AUDIT COMMITTEE REPORT

Other members of the Board and Senior Management Personnel of the Company are invited to the meetings regularly. The Proceedings of the Audit Committee are reported to the Board of Directors.

External Auditors were present when appropriate.

AUDIT COMMITTEES – LISTED SUBSIDIARY COMPANIES

All listed subsidiaries have appointed their own Audit Committees. These Audit Committees function independently of the Audit Committee of E. B. Creasy & Company PLC but have similar terms of reference.

EXTERNAL AUDIT

The Company has appointed KPMG as its external Auditors and the service provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Audit Committee has determined that KPMG Auditors are independent on the basis that they do not carry out any management-related functions of the Company. The Audit Committee also reviews the professional fees of the external Auditors.

The Audit Committee has concurred to recommend to the Board of Directors the reappointment of KPMG as Auditors for the financial year ending 31st March, 2024 subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.

A. R. Rasiah
Chairman
Audit Committee

31st August 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities. It focuses on ensuring that the Stakeholders' interests are protected in all related party transactions.

COMPOSITION

The Company's Related Party Transactions Review Committee comprises of the following members:

Mr. A.R. Rasiah - *Chairman - Independent / Non-Executive Director, EBCPLC (Appointed Chairman with effect from 19.01.2023)*

Mr. A.M. de S. Jayaratne – *Member -Independent / Non-Executive Director, EBCPLC*

Mr. P.M.A. Sirimane - *Member - Non-Executive Director, EBCPLC (Resigned with effect from 31.12.2022 and subsequently, re-appointed to the Committee with effect from 19.01.2023)*

On the demise of the Chairman of the Related Party Transactions Review Committee, Mr. R. Seevaratnam on 19th January, 2023, Mr. A.R. Rasiah was appointed Chairman of the Related Party Transactions Review Committee of the Company. Further, Mr. P.M.A. Sirimane who resigned from the Related Party Transactions Review Committee with effect from 31.12.2022 was re-appointed as a member of the Committee on 19th January, 2023.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee has met on three occasions during the financial year ended 31st March, 2023 and the attendance of the Committee was as follows:

Mr. A.R. Rasiah	3/3
Mr. A.M. de S. Jayaratne	3/3
Mr. P.M.A. Sirimane	3/3
Mr. R. Seevaratnam	1/2

Further, during the financial year, the RPTRC has reviewed and recommended several Related Party Transactions by Resolutions in writing which the Committee for purposes hereof construe as equivalent to meetings being held.

FUNCTIONS OF THE COMMITTEE:

- Review all proposed Related Party Transactions (Except for exempted transactions)
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval/Shareholder approval as deemed appropriate.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

Related Party Transactions have been reviewed and disclosed in a manner consistent with the Listing Rules. The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were non-recurrent related party transactions during the year which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and disclosed the same in Note 30 to the Financial Statements. The Board further declares that recurrent related party transactions are also disclosed in Note 30 to the Financial Statements and that the Company has complied with the requirements of Section 9 of the Colombo Stock Exchange Listing Rules on Related Party Transactions except for the number of meetings held.

A.R. Rasiah
Chairman
Related Party Transactions Review Committee

31st August 2023

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of E. B. Creasy & Company PLC presents their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW/ FUTURE DEVELOPMENTS

The principal activities of the Company together with those of its subsidiary companies are described in the Group Profile under Management Discussion and Analysis. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review and Management Discussion and Analysis sections of this Annual Report. These reports together with the Financial Statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 52 to 127.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 48 to 51.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 59 to 74.

INTEREST REGISTER

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 30 to the Financial Statements on pages 119 to 123.

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of Shares as at 31.03.2023	No. of Shares as at 31.03.2022
Mr. S. D. R. Arudpragasam	50,430	50,430
Mr. S. Rajaratnam	100,000	3,000
Mr. S. W. Gunawardena	54,000	54,000

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Group for the financial year 2022/23 is given in Note 30(d) to the Financial Statements on page 122 and 123 Director's Remuneration in respect of the Group for the financial year 2022/2023 was Rs. 552.5 Million (2021/22 – Rs. 397.8 Million) and in respect of the Company for the financial year 2022/23 is Rs. 512.9 Million (2021/22 – Rs. 366.7 Million).

CORPORATE DONATIONS

Donations made by the Group amounted to Rs. 0.3 Million (2021/22 – Rs. 0.1 Million).

DIRECTORATE

The names of the Directors who held office during the financial year and who are currently in office are listed below. Brief profiles of the Directors who are currently in office appear on pages 10 to 12.

Mr. S. D. R. Arudpragasam - Chairman/Managing Director

Mr. R. Seevaratnam - Deputy Chairman (Deceased - 19.01.2023)

Mr. S. Rajaratnam - Joint Managing Director

Mr. A. Rajaratnam – Director (Deceased - 26.08.2023)

Mr. R. N. Bopearatchy - Director

Mr. R. C. A. Welikala - Director

Mr. P. M. A. Sirimane - Director

Mr. A. R. Rasiah - Director

Mr. S. N. P. Palihena - Director

Dr. A. M. Mubarak - Director

Mr. A. M. de S. Jayaratne - Director

Mr. S. W. Gunawardena - Director

In terms of Articles 84 and 85 of the Articles of Association Mr. P.M.A. Sirimane retires by rotation and being eligible offers himself for re-election.

Mr. R.N. Bopearatchy who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.M. de S. Jayaratne who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.R. Rasiah who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.N.P. Palihena who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Dr. A.M. Mubarak who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. R. Seevaratnam who functioned as Deputy Chairman of the Company expired on 19.01.2023.

Mr. A. Rajaratnam, Director expired on 26.08.2023.

AUDITORS

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG were paid Rs. 11.6 Million during the year under review (2021/22 – Rs. 9 Million) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs. 1.1 Million (2021/22 – Rs. 1.6 Million) by the Group for non-audit related work, which consisted mainly of tax related work.

In addition to the above, Group companies are engaged with other audit firms. Audit fees in respect of these firms amounted to Rs. 3.2 Million during the year under review (2021/22 – Rs. 2.2 Million).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

REVENUE

The revenue of the Group for the year was Rs. 23,342.43 Million (2021/22 – Rs. 17,508.92 Million).

RESULTS

The Group made a profit before tax of Rs. 1,800.04 Million (2021/22 – profit of Rs.1,037.64 Million). The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 52.

DIVIDENDS

The Company paid an Interim Dividend of Rs.1/- per share for the year ended 31st March 2023 on 30th September 2022 to the shareholders registered as at the end of trading on 21st September 2022.

The Board of Directors confirmed that the Company satisfied the Solvency Test requirement under Section 56 of the Companies Act No.07 of 2007 and obtained the Solvency Certificates from the Auditors in respect of the above mentioned Dividend payment.

INVESTMENTS

Investments made by the Group are given in Note 16 on pages 89 to 95.

PROPERTY, PLANT & EQUIPMENT

During 2022/23, the Group invested Rs. 1,833 Million in Property, Plant & Equipment (2021/22 – Rs.1,098.17 Million). Further, your Directors are of the opinion that the net amount at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market values as at 31st March, 2023.

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2023 was Rs.25,731,000/- and is represented by 253,545,800 issued and fully-paid ordinary shares. There was no change in the Stated Capital during the year.

RESERVES

The total Group reserves as at 31st March, 2023 comprised of general reserves of Rs. 9.55 Million revaluation reserve of Rs. 2,229.96 Million and retained earnings of Rs. 4,259.82 Million whereas the total Group reserves as at 31st March, 2022 comprised of general reserves of Rs.9.55 Million, revaluation reserve of Rs.2,627.23 Million and retained earnings of Rs.2,307.66 Million.

The movements are shown in the Statement of Changes in Equity in the Financial Statements.

TAXATION

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Income Tax and other taxes paid and liable by the Group are disclosed in Notes 10 and 25 on pages 77 to 79 and 106 to 108.

RELATED PARTY TRANSACTIONS

In respect of the Financial year ended 31.03.2023 there were non-recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules.

Recurrent Related Party Transactions are disclosed in Note 30 to the Financial Statements. The Company has complied with the requirements of the Listing Rules on Related Party Transactions except for the number of meetings held during the year.

The Related Party Transactions presented in the financial statements are disclosed in Note 30 from pages 119 to 120.

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 128 to 129.

EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting date that would require adjustments to or disclosures are disclosed in Note 34 on page 125.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the Reporting date are disclosed in Notes 32 and 33 on pages 124 to 125.

EMPLOYMENT POLICY

The Company's recruitment and Employment Policy is non-discriminatory. The occupational, health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Company and the employees.

SHAREHOLDERS

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government have been made.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment.

It is the Company's policy to minimize any adverse effect its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Board of Directors take overall responsibility for the Company's Internal Control System. A separate Internal Audit section has been set up to review the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded. The Board reviews the recommendations of External Auditors and takes appropriate action to maintain an adequate internal control system.

GOING CONCERN

The Board of Directors after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board,

S.D.R. Arudpragasam
Director

R.C.A. Welikala
Director

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries

31st August 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors (Board) of the Company is responsible for the adequacy of the Company's system of internal controls and for reviewing its design and effectiveness regularly. However, such a system is designed to manage, rather than eliminate the risk of failure to achieve business objectives of the Group. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatements of losses or frauds.

The Board is of the view that the prevalent internal control systems instituted, by them, and which comprise internal checks, internal audits, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board has established various Committees, such as the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors, KPMG, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 48 to 51 of this Report.

The Directors are responsible for:

- preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable laws and regulations;
- preparing Financial Statements which give a true and fair view of the state of affairs as at the Balance Sheet date and the Profit or Loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company enabling them to ensure that the Group Financial Statements comply with applicable laws and regulations;
- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and regularly reviewing the effectiveness of such process;
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities; and maintaining the integrity of the statutory and audited information available to the public.
- In addition, the Directors consider that, in preparing the Financial Statements:
  - suitable accounting policies have been selected and applied consistently;
  - judgments and estimates made have been reasonable and prudent;
  - the Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
  - all Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
  - it is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

The Directors also confirm that to the best of their knowledge, the Financial Statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and this Directors' Report contains a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

S.D.R. Arudpragasam
Director

R.C.A. Welikala
Director

31st August 2023

RISK MANAGEMENT

The Board of Directors considers risk identification, assessment and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. In the pursuit of opportunities it is unavoidable that we are subject to various risks. The management ensures that such risks are systematically identified and the procedures are in place to manage and control the same. Hence, a well-structured Risk Management Framework is in place under which the risks are being assessed. The identified risks are being reviewed by the Audit Committee at the Company level as well as at the Group level. Under the Framework, the risks are then prioritised and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits.

The principal foreseeable risks have been identified and are set out below with mitigation strategies. The nature and the scope of risks are subject to change and not all of the factors listed are within the control of the Group.

DESCRIPTION OF RISK	MITIGATION STRATEGIES
INFLATION RISK	
Inflationary pressure leading to higher cost of production causing profitability to plummet. Headwinds from higher global commodity prices, oil prices and freight costs	• Adopt dynamic pricing strategies • Cost rationalisation measures and budgetary controls • Supplier Relationship Management
FOREIGN EXCHANGE RISK	
Unavailability of foreign exchange for imports Potential losses as a result of adverse movements in the exchange rates	• Source foreign exchange using Group's strengths • Manage exchange rate risk through appropriate financial risk management techniques • Centralised treasury advisory • Efficient price negotiations with suppliers • Dynamic pricing strategies
INTEREST RATE RISK	
Adverse impact on profitability due to increased finance cost resulting from a contractionary monetary policy	• Use appropriate financial and hedging strategies • Negotiate for concessionary interest rates using Group's strength • Effective corporate financial management to maintain an optimal capital structure • Focus on working capital efficiencies
FUNDING/LIQUIDITY RISK	
Contraction of funding and liquidity for business sustainability and growth	• Maintain an acceptable retention policy • Use Group's strength as a listed conglomerate to raise economical funding when required • Leverage on brand equity and a diversified business portfolio
CREDIT RISK	
Arising from debtor's bankruptcy or credit quality deterioration of customers	• Adherence to business specific credit control policies and credit worthiness verification procedures • Protection against credit risk through Bank Guarantees and efficient follow up and collection practices • Distributor Financing Schemes to share credit risk • Customer Relationship Management

DESCRIPTION OF RISK	MITIGATION STRATEGIES
PRODUCT/SERVICE QUALITY RISK	
Product quality is crucial as the Group's portfolio includes pharmaceutical products, consumer goods and infant milk powder	• Adequate business-specific quality control divisions to ensure maintenance of high quality standards throughout business value chain • Continuous training, quality management and assurance programmes to strengthen the product quality • Internal and external quality inspection • Standardised manufacturing processes • Ongoing investment and improvement initiatives in manufacturing facilities
RISK OF POLITICAL INSTABILITY	
Adverse impacts arising due to an unstable political environment in the country	• Analysing SWOT and PEST factors and developing appropriate strategies • Business diversification and enter alternative markets
HEALTH AND SAFETY RISK	
Likelihood that an individual may be harmed or suffers adverse health effects Possibility of a customer facing health and safety risks while consuming a product or service provided by any of the businesses	• The business takes employee safety as the highest priority • Health and Safety related policies and procedures have been implemented across the group and periodically reviewed • Operations and plants are designed considering employee health and safety • Quality policies and frameworks are in place at all our businesses and operations are carried out under strict quality controls • Staff are continuously trained on conducting operations by adhering to health and safety protocols
CYBER RISK	
A cyber-attack or data center failure resulting in business disruption or breach of corporate or personal data confidentiality	• Safeguard critical IT and operational assets by strict IT protocols, firewalls and business continuity plan • Foster a positive culture of cyber-security through various awareness sessions
REGULATORY AND COMPLIANCE RISK	
Risk of introducing new regulations affecting the business adversely and complexity in complying with regulatory requirements	• Monitor compliance with regulatory requirements • Lobby against regulations that could have a negative impact on business/industry • Look for alternative strategies within the regulatory framework
HUMAN RESOURCE RISK	
Impact to business competitiveness due to the difficulties to recruit/retain required talent and issues pertaining to industrial relations	• Build strong employer brand and better industrial relations
OPERATIONAL RISK	
Potential losses due to inadequate internal controls, failures of internal processes and systems as a result of natural and human activities	• Business continuity plans to ensure the smooth operation of the businesses • Regular internal audits

The Group did not encounter any material issues pertaining to employees and industrial relations during the financial year under review.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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TO THE SHAREHOLDERS OF E.B CREASY & COMPANY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of E.B. Creasy & Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other 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 and other explanatory information as set out in pages 59 to 127.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and their 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 Group in accordance with the Code of Ethics 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT ASSESSMENT OF THE GROUP'S GOODWILL AND COMPANY'S INVESTMENT IN SUBSIDIARY

Refer significant accounting policies in Note 4.1 and Note 4.1.1 and explanatory Note 15.1 and Note 16 to the financial statements

RISK DESCRIPTION	OUR RESPONSES
At 31st March 2023, the Group recorded Rs.189 Mn as goodwill and the Company recorded Rs.2,171 Mn as investments in subsidiaries. As required by relevant accounting standards, at 31 March 2023 the management performed an impairment assessment on goodwill by allocating it to the respective cash generating units and performed the impairment assessment for investments in subsidiaries with indicators of impairment and determined their recoverable amounts based on value in- use calculations. We considered the audit of management's impairment assessment of goodwill and investments in subsidiaries to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiaries in the financial statements as at 31 March 2023. In addition, these areas were significant to our audit because the impairment assessment process involved significant management judgment and required management to make various assumptions in the underlying cash flow forecasts.	Our audit responses included; • Obtained an understanding of management's impairment assessment process. • Reviewed the robustness of management's budgeting process by comparing the actual financial results against previous projections. • Assessed cash flow forecast prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates. • Tested the mathematical accuracy of the underlying calculations in the discounted cash flow valuation models. • With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions in the valuation models. • Assessed the adequacy of disclosures in the financial statements

CARRYING VALUE OF INVENTORIES

Refer significant accounting policies in Note 4.9 and explanatory Note 17 to the financial statements

RISK DESCRIPTION	OUR RESPONSE
The Company and the Group recorded inventories amounting to Rs. 2,237.1 Mn and Rs. 4,847.5 Mn respectively at 31 March 2023. This amounts to 18% and 24% of the Company's and Group's total assets respectively. The Company and Group have significant amount of inventory and judgment is exercised with regard to categorization of stocks as obsolete and/or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realizable value. Given the level of judgements and estimates involved this is considered to be a key audit matter.	Our audit procedures included: • Obtained an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over inventory valuation and identify slow moving and obsolete inventories. • Comparison of inventory levels, by product group, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified and challenge the categorization as obsolete or slow moving. • On a sample basis, physically verified the inventories as at reporting date. • Assessed the realizations of inventories during the period and after the period end, in particular of clearance categories, and compare these to the expected recoveries for inventory categorized as obsolete and/or slow moving at the period end date. • Assessed whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning.

INDEPENDENT AUDITORS' REPORT

REVENUE RECOGNITION	
Refer significant accounting policies in Note 4.4 and explanatory Note 6 to the financial statements	
RISK DESCRIPTION	**OUR RESPONSES**
As described in Note 6 to the financial statements, the Company and Group recorded revenue of Rs. 8,399 Mn and Rs.23,342 Mn. respectively for the year ended 31 March 2023. Revenue from sale of goods is recognized when control has been transferred to the buyer; and is measured net of trade discounts. Based on the Company's/ Group's business model, there are many different types of revenues, arising from different types of transactions and events with customers. In addition, the Company/ the Group considers revenue as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for revenue to be recognized prior to control being transferred. Considering above factors, we identified revenue as a key audit matter based on the significant judgement involved in determining point of recognition and inherent risk.	Our audit procedures included: • Obtained an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition and measurement. • Evaluated the appropriateness of the Group's revenue recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per SLFRS 15. • Obtained an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment. • Performed test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognised and measured in accordance with the contractual terms of the contract and the Group accounting policies. • On a sample basis, compared specific revenue transactions recorded before and after the financial year end with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognized in the correct financial period.

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 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group'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 these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement 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 and Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

CA Sri Lanka membership number of the engagement partner responsible for signing this Independent Auditors' Report is 3544.

KPMG

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
31st August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	GROUP 2023 Rs. '000	GROUP 2022 Rs. '000	COMPANY 2023 Rs. '000	COMPANY 2022 Rs. '000
Revenue	6	23,342,429	17,508,915	8,399,072	5,860,050
Cost of Sales		(15,152,996)	(12,455,468)	(6,141,203)	(4,213,391)
Gross Profit		8,189,433	5,053,447	2,257,869	1,646,659
Other Income/(Expenses)	7	178,197	28,266	51,520	18,942
Selling and Distribution Expenses		(2,605,844)	(1,755,029)	(453,723)	(380,245)
Administrative Expenses		(2,058,746)	(1,551,973)	(672,179)	(577,497)
Finance Income	8.1	208,358	112,751	511,608	240,325
Finance Expenses	8.2	(2,111,359)	(888,435)	(1,093,862)	(440,728)
Share of Results of Equity Accounted Investees	16.6	-	38,614	-	-
Profit before Tax	9	1,800,039	1,037,641	601,233	507,456
Income Tax (Expense)/Reversal	10.a	(290,032)	(299,530)	167,492	(45,274)
Profit for the Year		1,510,007	738,111	768,725	462,182
Other Comprehensive Income/(Expense)					
Items that will not be reclassified to profit or loss					
Remeasurement of Retirement Benefit Obligation	26	(135,658)	265,608	(108,417)	129,255
Equity Investments at FVOCI - net change in fair value		1,020,069	(14,681)	603,602	31,386
Deferred Tax on Equity Investments at FVOCI - net changes in fair value	10.b	(233,823)	-	(34,301)	-
Deferred Tax on Remeasurement of Retirement Benefit Obligation		40,754	(54,022)	32,525	(23,266)
Share of Other Comprehensive Income of Equity Accounted Investees, Net of Tax	16.6	-	675	-	-
Deferred Tax Effect on Revaluation Gain due to change in income tax rate	10.b	(397,274)	-	(366,382)	-
Revaluation Gain on Freehold Land	12	-	360,308	-	275,591
Deferred Tax Effect on Revaluation Gain	10.b	-	(68,978)	-	(49,606)
Items that are or may be reclassified subsequently to profit or loss					
Debt Investments at FVOCI - net change in fair value	16.3.2	(1,746)	(5,077)	-	-
Debt Investments at FVOCI - impairment reversal on debt securities		(9,540)	-	-	-
Other Comprehensive Income for the Year, Net of Tax		282,782	483,833	127,027	363,360
Total Comprehensive Income for the Year		1,792,789	1,221,944	895,752	825,542
Profit Attributable to:					
Equity Holders of the Parent		1,513,022	724,672	768,725	462,182
Non-controlling Interest	16.1.1	(3,015)	13,439	-	-
Profit for the Year		1,510,007	738,111	768,725	462,182
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		1,808,427	1,195,691	895,752	825,542
Non-controlling Interest	16.1.1	(15,638)	26,253	-	-
Total Comprehensive Income for the Year		1,792,789	1,221,944	895,752	825,542
Earnings Per Share (Rs.)	11.1	5.97	2.86	3.03	1.82

The Accounting Policies and Notes on pages 59 to 127 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP 2023 Rs. '000	GROUP 2022 Rs. '000	COMPANY 2023 Rs. '000	COMPANY 2022 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	7,865,076	6,288,800	4,828,411	4,657,896
Investment Property	13	2,800	2,800	-	-
Right of Use Assets	14	178,615	148,490	325,463	251,248
Intangible Assets	15	196,334	208,080	2,519	13,063
Investments in Subsidiaries	16.1	-	-	2,170,666	2,070,397
Other Financial Assets measured at Fair Value through OCI	16.3	2,251,210	1,149,561	1,277,321	496,645
Deferred Tax Assets	25.1	63,874	210,181	-	-
Total Non-Current Assets		10,557,909	8,007,912	8,604,380	7,489,249
Current Assets					
Inventories	17	4,847,497	3,416,710	2,237,102	1,385,536
Trade and Other Receivables	19	3,474,934	3,141,472	69,392	105,642
Amounts Due from Related Companies - Trade	18.1	116,715	1,488	712,467	1,652,122
Amounts Due from Related Companies - Non-trade	18.2	120,337	66,788	311,189	336,637
Other Financial Assets measured at Amortised Cost - Loans due from Related Parties	16.4.2	74,250	208,173	51,700	158,673
Other Financial Assets measured at Fair Value through Profit or Loss	16.5	98,533	-	-	-
Income Tax Recoverable		2,508	2,538	-	-
Cash and Cash Equivalents	20.1	952,918	1,674,251	235,916	584,125
Total Current Assets		9,687,692	8,511,420	3,617,766	4,222,735
Total Assets		20,245,601	16,519,332	12,222,146	11,711,984
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	25,731	25,731	25,731	25,731
General Reserves	22.1	9,548	9,548	9,548	9,548
Revaluation Reserve	22.2	2,229,960	2,627,234	1,917,202	2,283,584
Retained Earnings		4,259,818	2,307,663	3,401,062	2,392,474
Equity Attributable to Equity Holders of the Company		6,525,057	4,970,176	5,353,543	4,711,337
Non-Controlling Interest		282,505	340,169	-	-
Total Equity		6,807,562	5,310,345	5,353,543	4,711,337

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP 2023 Rs. '000	GROUP 2022 Rs. '000	COMPANY 2023 Rs. '000	COMPANY 2022 Rs. '000
Non-Current Liabilities					
Loans and Borrowings	23.1	1,666,451	1,374,476	1,164,257	1,232,096
Lease Liabilities	23.4	232,992	208,036	346,817	269,251
Deferred Income and Capital Grants	24	3,748	4,008	3,748	4,008
Deferred Tax Liabilities	25.2	936,080	666,770	651,578	519,473
Retirement Benefit Obligations	26	1,046,660	817,952	758,182	594,093
Total Non-Current Liabilities		3,885,931	3,071,242	2,924,582	2,618,921
Current Liabilities					
Loans and Borrowings	23.2	4,616,667	3,846,888	2,685,739	2,848,189
Lease Liabilities	23.4	41,272	30,965	25,720	22,276
Current Taxation Payable		447,375	89,703	68,343	28,511
Trade and Other Payables	27	3,400,634	3,441,202	647,803	692,676
Amounts Due to Related Companies	28	2,080	88,131	72,819	427,483
Bank Overdrafts	20.2	1,044,080	640,856	443,597	362,591
Total Current Liabilities		9,552,108	8,137,745	3,944,021	4,381,726
Total Equity and Liabilities		20,245,601	16,519,332	12,222,146	11,711,984

The Accounting Policies and Notes on pages 59 to 127 form an integral part of these Financial Statements.

I certify that these Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

R. Rathnasekara

Ravi Rathnasekara
Chief Financial Officer

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

These Financial Statements were approved and signed for and on behalf of the Board of Directors of E. B. Creasy & Company PLC.

S.D.R. Arudpragasam
Director

R.C.A. Welikala
Director

31st August 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP

		ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT						
	Note	Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Rs. '000
Balance as at 1st April 2021		25,731	9,548	2,965,733	1,153,818	4,154,830	350,616	4,505,446
Total Comprehensive Income for the Year :						-		
Profit for the Year		-	-	-	724,672	724,672	13,439	738,111
Other Comprehensive Income for the Year		-	-	291,330	179,689	471,019	12,814	483,833
Total Comprehensive Income for the Year		-	-	291,330	904,361	1,195,691	26,253	1,221,944
Transfer of Revaluation Surplus on derecognition of Equity Accounted Investees		-	-	(629,829)	629,829	-	-	-
Transactions with owners of the Company :								
Dividend Paid	11.3	-	-	-	(380,345)	(380,345)	-	(380,345)
Dividend for Non-Controlling Interest	16.1.1	-	-	-	-	-	(36,700)	(36,700)
Balance as at 31st March 2022		25,731	9,548	2,627,234	2,307,663	4,970,176	340,169	5,310,345
Total Comprehensive Income/ (Expense) for the Year :								
Profit/(Loss) for the Year		-	-	-	1,513,022	1,513,022	(3,015)	1,510,007
Other Comprehensive (Expense)/Income for the Year		-	-	(397,274)	692,679	295,405	(12,623)	282,782
Total Comprehensive (Expense)/ Income for the Year		-	-	(397,274)	2,205,701	1,808,427	(15,638)	1,792,789
Transactions with owners of the Company :								
Dividend Paid	11.3	-	-	-	(253,546)	(253,546)	-	(253,546)
Dividend for Non-Controlling Interest	16.1.1	-	-	-	-	-	(42,026)	(42,026)
Balance as at 31st March 2023		25,731	9,548	2,229,960	4,259,818	6,525,057	282,505	6,807,562

STATEMENT OF CHANGES IN EQUITY

COMPANY

	Note	Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2021		25,731	9,548	2,057,599	2,173,262	4,266,140
Total Comprehensive Income for the Year :						
Profit for the Year		-	-	-	462,182	462,182
Other Comprehensive Income for the Year		-	-	225,985	137,375	363,360
Total Comprehensive Income for the Year		-	-	225,985	599,557	825,542
Transactions with owners of the Company :						-
Dividend Paid	11.3	-	-	-	(380,345)	(380,345)
Balance as at 31st March 2022		25,731	9,548	2,283,584	2,392,474	4,711,337
Total Comprehensive Income/(Expense) for the Year						
Profit for the Year		-	-	-	768,725	768,725
Other Comprehensive (Expense)/Income for the Year		-	-	(366,382)	493,409	127,027
Total Comprehensive (Expense)/Income for the Year		-	-	(366,382)	1,262,134	895,752
Transactions with owners of the Company :						
Dividend Paid	11.3	-	-	-	(253,546)	(253,546)
Balance as at 31st March 2023		25,731	9,548	1,917,202	3,401,062	5,353,543

For the Year Ended 31st March	Note	GROUP **2023** **Rs. '000**	GROUP 2022 Rs. '000	COMPANY **2023** **Rs. '000**	COMPANY 2022 Rs. '000
Dividend Per Share (Rs.)	11.3	1.00	1.50	1.00	1.50

The Accounting Policies and Notes on pages 59 to 127 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year Ended 31st March	Note	GROUP 2023 Rs. '000	GROUP 2022 Rs. '000	COMPANY 2023 Rs. '000	COMPANY 2022 Rs. '000
Cash Generated from Operations					
Profit Before Tax		1,800,039	1,037,641	601,233	507,456
Adjustments for:					
Depreciation on Property, Plant and Equipment and amortisation of Right of Use Assets	12/14	289,885	233,833	154,675	123,242
Reversal for Impairment on Property,Plant and Equipment	12	(1,380)	-	-	-
(Gain)/Loss on Disposal of Property, Plant and Equipment	7	83	(13,488)	300	-
Share of Results of Equity Accounted Investees	16.6	-	(38,614)	-	-
Profit on Disposal of Financial Assets classified as FVOCI	7	(51,681)	-	(16,781)	-
Impairment Provision of Trade Receivables	18.1/19.1	50,355	24,027	14,839	2,145
Impairment Provision/(Reversal) of Amounts Due from Related Companies	18.2.1	12,602	(17,119)	15,282	(21,234)
Impairment Reversal for Investment in Debt Securities	16.4.1.2	-	(44,325)	-	-
Impairment Provision/(Reversal) of Financial Assets Measured at Amortised Cost	16.4.2.2	(16,077)	44,159	5,973	30,659
Impairment Provision/(Reversal) of Inventories	17.1	(35,571)	29,476	23,050	8,005
Provision for Retiring Benefit Obligations	26	168,606	156,165	115,282	97,042
Amortisation of Deferred Income and Capital Grants	24	(260)	(260)	(260)	(260)
Interest Income	8.1	(173,860)	(75,104)	(71,243)	(27,517)
Dividend Income	8.1	(1,394)	(8,801)	(403,163)	(181,333)
Interest Expense	8.2	1,640,552	483,697	1,054,393	358,970
Amortisation of Intangible Assets	15	15,808	34,032	12,350	30,567
Exchange Fluctuation	23.4	3,498	8,230	-	-
Operating Profit before Working Capital Changes		3,691,665	1,853,549	1,505,930	927,741
(Increase)/Decrease in Inventories		(1,395,216)	(626,810)	(874,617)	(426,723)
(Increase)/Decrease in Trade and other Receivables		(365,634)	(638,260)	988,549	(681,495)
(Increase)/Decrease in Amounts Due from Related Parties		(201,108)	228,529	247,841	527,995
Increase/(Decrease) in Related Party Payables		(86,051)	74,412	(354,664)	369,444
Increase/(Decrease) in Trade and other Payables		(68,692)	168,945	(44,872)	(299,199)
Cash generated from operations		1,574,964	1,060,365	1,468,167	417,763
Retiring Gratuity Paid	26	(75,556)	(40,686)	(59,610)	(19,665)
Interest Paid		(1,577,414)	(422,036)	(1,008,307)	(287,296)
Income Taxes Paid		(105,509)	(193,474)	(28,728)	(103,513)
Net Cash Flows from/(used in) Operating Activities		(183,515)	404,169	371,522	7,289

STATEMENT OF CASH FLOWS

For the Year Ended 31st March	Note	GROUP 2023 Rs. '000	GROUP 2022 Rs. '000	COMPANY 2023 Rs. '000	COMPANY 2022 Rs. '000
Cash Flows from Investing Activities					
Purchase and construction of Property, Plant and Equipment and Right of Use Assets	12/14	(1,833,293)	(1,098,174)	(307,563)	(848,609)
Proceeds from Disposal of Property, Plant and Equipment		8,108	16,577	-	-
Investment in Intangible Assets	15	(4,062)	(1,879)	(1,806)	(1,460)
Investments in Subsidiaries	16.1	-	-	(100,269)	(154,131)
Investments in Financial Assets classified as FVOCI		(209,303)	(308,516)	(209,032)	(181,758)
Loans Granted to Related Companies	16.4.2	-	(180,000)	(128,000)	(150,000)
Loans Recoveries from Related Companies	16.4.2	150,000	41,400	229,000	41,400
Fund Transfers to Related Companies		-	-	(114,602)	(101,763)
Investments in Financial Assets classified as Fair Value through Profit or Loss		(98,533)	-	-	-
Proceeds from Disposal of Financial Assets classified as FVOCI		177,658	29,764	49,039	29,764
Dividend Income Received		1,394	8,801	302,894	181,333
Interest Income Received		173,860	75,104	20,113	27,517
Net Cash Flows used in Investing Activities		(1,634,171)	(1,416,923)	(260,226)	(1,157,707)
Cash Flows from Financing Activities					
Lease Rental Paid	23.4	(73,053)	(48,802)	(56,676)	(41,438)
Long-Term Loans Obtained	23.1	795,299	1,677,662	179,892	1,537,204
Repayments of Long-Term Loans	23.1	(392,469)	(340,762)	(224,764)	(196,961)
Net movement in Short-Term Loans	23.2	658,924	1,564,139	(185,417)	1,125,163
Dividends Paid	11.3	(253,546)	(380,345)	(253,546)	(380,345)
Net payments to Minority Shareholders	16.1.1	(42,026)	(36,700)	-	-
Net Cash Flows from/(used in) Financing Activities		693,129	2,435,192	(540,511)	2,043,623
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,124,557)	1,422,438	(429,215)	893,205
Cash and Cash Equivalents at the Beginning of the Year		1,033,395	(389,043)	221,534	(671,671)
Cash and Cash Equivalents at the End of Year		(91,162)	1,033,395	(207,681)	221,534
Analysis of Cash and Cash Equivalents					
Bank Overdraft	20.2	(1,044,080)	(640,856)	(443,597)	(362,591)
Cash in Hand & at Bank	20.1	952,918	1,674,251	235,916	584,125
Cash and Cash Equivalents at the End of Year		(91,162)	1,033,395	(207,681)	221,534

The Accounting Policies and Notes on pages 59 to 127 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

E. B. Creasy & Company PLC ('the Company'), is a public limited company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is at No. 98, Sri Sangaraja Mawatha, Colombo 10.

The consolidated financial statements of E. B. Creasy & Company PLC, as at and for the year ended 31st March, 2023 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Company and other entities consolidated with it are disclosed under "Group Profile" on pages 15 to 16 of the Annual Report.

E. B. Creasy & Company PLC's Parent Entity is The Colombo Fort Land & Building PLC.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements of the Company and those consolidated with such comprise of the statements of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with the accounting policies and notes to the financial statements.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

Changes to significant accounting policies are described in Note 3.

2.2. Responsibility of Financial Statements

The Board of Directors of the Company acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for financial statements" and the "Certification on the statement of financial position".

2.3. Approval of Financial Statements by Directors

The consolidated financial statements for the year ended 31st March 2023 were authorised for issue by the Directors on 31st August 2023.

2.4 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with an adjustment being made for inflationary factors affecting the financial statements except for the following;

- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Defined Benefit Obligations are measured at the present value of the defined benefit plans.
- Land in property, plant and equipment are measured at fair value

2.5. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Group. All financial information presented in Sri Lankan Rupees have been rounded to the nearest thousand, unless stated otherwise.

2.6 Current vs. Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading;

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

There is no conditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classified all other liabilities as non-current.

2.7. Use of Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as

NOTES TO THE FINANCIAL STATEMENTS

permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statement is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the organised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Company.

2.9. Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards 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 and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.9.1. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Equity accounted investees: Whether the Group has significant influence over an investee (Note 4.1.2);
- Leases: Whether arrangement contains a lease (Note 4.13);
- Consolidation: Whether the Group has de facto control over an investee (Note 4.1.1)

2.9.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st March 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 4.4 – revenue recognition: estimation of expected returns;
- Note 4.5 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 4.8 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 4.10 – Property, plant and equipment: determining the fair value of land on the basis of significant unobservable inputs;
- Note 4.11 - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 4.14 – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate.
- Note 4.14 – measurement of ECL allowance for related party receivables and other financial assets classified as amortised cost and debt securities classified at FVOCI.
- Note 4.14 - measurement of unquoted investments classified at FVOCI

2.9.3. Estimation uncertainty in preparation of Financial Statements

The ongoing economic crisis has increased the estimation uncertainty in the preparation of these Financial Statements. The estimation uncertainty is associated with:

- The extent and the duration of the expected economic downturn (and forecasts for key economic factors including GDP and inflation). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, impact on unemployment and decline in consumer discretionary spending.
- The effectiveness of government and The Central Bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

2.9.4. Measurement of fair values

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset

or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.9.5. Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisified that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements. Furthermore, when determining the basis of preparing the financial statements for the year ended 31st March 2023, based on the available information, the management has assessed the existing and anticipated effects of the prevailing economic crisis in the country on the group companies and the appropriateness of the use of the going concern basis.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the Accounting Policies to all periods presented in these Financial Statements, except for following policies.

BUSINESS COMBINATION

The Group applied Definitions of a Business (Amendments of SLFRS 3) to business combinations whose acquisitions dates are on or after 1 April 2020 in assessing whether it had acquired a business or a group of assets. There is no material effect on the Group financial statements with this regard. The details of accounting policies are set out in Note 4.1.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all period presented in these financial statements.

4.1 Basis of Consolidation

BUSINESS COMBINATIONS AND GOODWILL

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The consolidated financial statements (referred to as the

NOTES TO THE FINANCIAL STATEMENTS

'Group') comprise the financial statements of the Company, its subsidiaries and the Group's interest in equity accounted investees (Associates).

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consolidated financial statements have been prepared for the same reporting period using uniform accounting policies for like transactions/events in similar circumstances and where necessary, appropriate adjustments have been made in the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group derecognised assets and liabilities of the subsidiary, any non-controlling interest and the other components of entity related to the subsidiary.

Any surplus or deficit arising on the loss of controls is recognised in changes in equity. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control was lost. Subsequently it is accounted as an equity accounted investee or as FVTPL/FVOCI financial asset depending on the level of influence retained.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss.

4.1.1. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity, when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

The interest of the outside shareholders of the Group is disclosed separately under the heading of 'non-controlling interest'.

A listing of the Group's subsidiaries is set out in Note 16.1 to the financial statements.

4.1.2. Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not have any control or joint control over those policies.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of the investment. The Group's share of profits or losses after tax is recognised in the consolidated profit or loss. Loss of an associate is recognised up to the extent of the Group's interest in that associate.

4.1.3. Acquisition of entities under common control

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss for the year.

4.1.4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.1.5. Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

4.1.6. Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss arising is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.2. Foreign Currency

4.2.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group's entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- An investment in equity securities designated as FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

4.3. Discontinued Operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation has been discontinued from the start of the comparative year.

4.4 Revenue from Contracts with Customers

The Group generates revenue through sales.

NOTES TO THE FINANCIAL STATEMENTS

PERFORMANCE OBLIGATION AND REVENUE RECOGNITION POLICIES

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods to a customer and adopts following policies.

(A) Sale of Goods

Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30/60/90 days based on the product category.

(B). Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

4.5. Employee Benefits

4.5.1. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.5.2. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to provident and trust funds covering all employees are recognised as an expense in profit and loss in the periods during which services are rendered by employees.

4.5.3. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The gratuity liability was based on the actuarial valuation carried out.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

Provisions have been made in the financial statements for defined benefit plan from the first year of service for all employees.

However, according to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payments to an employee arise only on the completion of 5 years of continued service with the Company.

When the benefits of a plan are changed or when a plan is curtailed the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.5.3.1. Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognised as an expense in the statement of profit or loss when incurred.

4.6. Government Grants

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

4.7. Finance Income and Finance Costs

The Group's net finance expense includes:

- interest income;
- interest expense;
- dividend income;

- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquire in a business combination.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.8. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and contingent assets.

4.8.1. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable and receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

4.8.2. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for;

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.9. Inventories

Inventories are measured at the lower of the cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses, and where applicable, cost of conversion from their existing state to a finished condition. The cost of inventories is based on the average cost principle. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

4.10. Property, Plant and Equipment

4.10.1. Recognition and measurement

4.10.1.1. Cost model

The Group applies cost model to Property, Plant and Equipment except for lands and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

4.10.1.2. Revaluation model

The Group applies the revaluation model for the entire class of lands. Such lands are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. Land of the Group are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of profit or loss. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of profit or loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

4.10.1.3. Owned assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets, Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

4.10.2. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

4.10.3. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost less its residual value.

Depreciation is recognised in statement of profit or loss for the year on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless that it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

TYPE OF ASSETS	NO. OF YEARS
Freehold building	10-50 years
Building on leasehold land	40 years or period of the lease whichever is less
Plant and machinery	5-20 years
Motor vehicles	3-4 years
Furniture and fittings	4-5 years
Computers	4-6 years
Lab equipment	4-10 years

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.10.4. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

4.10.5. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in the statement of profit or loss.

4.11. INTANGIBLE ASSETS

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably.

4.11.1. Recognition and measurement

4.11.1.1. Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Gain from bargain purchase arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Gain from bargain purchase is recognised immediately in the statement of profit or loss.

4.11.1.2. Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the statement of financial position under the category of intangible assets.

4.11.1.3. Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

4.11.2. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

4.11.3. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives on Intangible Assets for current and comparative periods are as follows:

Software	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.12. Investment Property

Investment property is a property held to either earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at its cost including related transaction cost and is therfore carried at its cost less any accumulated depreciation and any accumulated impairment losses.

4.13. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what

purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has applied this approach to contracts entered into, or changed, on or after 01st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

AS A LESSEE

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in "right-of-use asset" and lease liabilities in "Interest Bearing Loans and borrowings" in the statement of financial position.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.14. Financial Instruments

4.14.1. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.14.2. Classification and subsequent measurement

FINANCIAL ASSETS - CLASSIFICATION

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI – debt investment; and FVOCI – equity instrument), or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment is referred to as the SPPI test and it is performed at an instrumental level. The Group's financial assets classified under amortised cost includes trade and other receivables and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

FINANCIAL ASSETS - BUSINESS MODEL ASSESSMENT

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permit or requires prepayment at an annual amount that substantially represent the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

FINANCIAL ASSETS - SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss

4.14.3. Derecognition

4.14.3.1. Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the, contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4.14.3.2. Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit it or loss.

4.14.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.14.5. Impairment

NON-DERIVATIVE FINANCIAL ASSETS

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVTOCI

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equals to life time ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

MEASUREMENT OF ECLS

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

CREDIT-IMPAIRED FINANCIAL ASSETS

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

WRITE-OFF

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.15. Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks-specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.16. Provisions

Provisions are recognised when the Group has a present obligation (legal and 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.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

4.17. Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.18. Other Income

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investment have been accounted for in the profit or loss for the year, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses.

Gains and losses arising from incidental activities to main revenue-generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

4.19. Expenditure Recognition

All expenditure incurred in running the business and in maintaining the capital assets in a state of efficiency have been charged to profit or loss for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

4.20. Borrowing Costs

Borrowing costs are recognised as an expense in profit and loss in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The amount of borrowing costs to be capitalised is determined in accordance with the allowed alternative treatment in LKAS 23 - Borrowing Costs.

4.21. Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

4.22. Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Segmental results assets and liabilities include items directly attributable to segment as well as these can be allocated on a reasonable basis.

4.23. Statement of Cash Flows

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of statement of cash flows which has been prepared using the 'indirect method'.

4.24. Stated Capital

4.24.1. Ordinary shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58(1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

4.24.2. Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlements in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

4.25. Earnings Per Share

The Group presents basic earnings per share and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted

NOTES TO THE FINANCIAL STATEMENTS

average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.26. Movement of Reserves

Movements of reserves are disclosed in the statement of changes in equity.

4.27. Comparative Figures

Where necessary comparative figures have been reclassified to conform to the current year's presentation.

4.28. Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the financial statements.

4.29. Events Occurring after the Reporting Date

The materiality of the events occurring after the statement of financial position date is considered and appropriate adjustments to or disclosures are made in the financial statements, where necessary.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

- Other standards
  - Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1)
  - Deferred tax related to assets and liabilities arising from a single transaction (Amendments to LKAS 12)
  - Discosure of Accounting Policies (Amendments to LKAS 1)
  - Definition of Accounting Estimates (Amendments to LKAS 8)

6. REVENUE

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Revenue from Sale of Goods	36,223,326	24,961,910	9,538,892	6,303,928
Revenue from Rendering of Services	406,988	255,939	-	-
Other Services	2,000	2,000	-	-
	36,632,314	25,219,849	9,538,892	6,303,928
Less: Turnover Related Taxes	(3,412,230)	(1,291,455)	(1,139,820)	(443,878)
Net Revenue	33,220,084	23,928,394	8,399,072	5,860,050
Less: Intra Group Sales	(9,877,655)	(6,419,479)	-	-
	23,342,429	17,508,915	8,399,072	5,860,050

REPORTABLE SEGMENT REVENUE

Refer note 31 for the details of operating segments.

7. OTHER INCOME/(EXPENSES)

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Gain/(Loss) on Disposal of Property, Plant and Equipment	(83)	13,488	(300)	-
Rental Income & Service Income	10,752	9,511	12,327	11,086
Profit on Disposal of Financial Assets classified as FVOCI	51,681	-	16,781	-
Commission Income	8,522	4,162	-	-
Amortisation of Deferred Income and Capital Grants	260	260	260	260
Sundry Income	107,065	19,407	22,452	7,596
Other Expenses	-	(18,562)	-	-
	178,197	28,266	51,520	18,942

8. NET FINANCE EXPENSES

8.1. FINANCE INCOME

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Interest Income	173,860	73,229	71,243	27,517
Debenture Interest Income	-	1,875	-	-
Commission on Corporate Guarantees	21,453	19,568	37,202	31,475
Dividend Income	1,394	8,801	403,163	181,333
Gain on Translation of Foreign Currency	2,111	9,278	-	-
Reversal of impairment on debt securities	9,540	-	-	-
Total Finance Income	208,358	112,751	511,608	240,325

NOTES TO THE FINANCIAL STATEMENTS

8.2. FINANCE EXPENSES

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Interest on Overdrafts and Trust Receipt Loans	1,228,056	355,851	658,270	231,724
Interest on Term Loans	377,482	100,225	350,581	92,514
Impairment Loss/(Reversal) on Financial Assets Measured at Amortised Cost (Note 16.4.2.2)	(16,077)	44,159	5,973	30,659
Interest on Lease Liabilities (Note 23.4)	35,014	27,621	45,542	34,732
Commission on Corporate Guarantees	185	2,517	257	228
Loss on Translation of Foreign Currency	486,699	358,062	33,239	50,871
Total Finance Expenses	2,111,359	888,435	1,093,862	440,728
Net Finance Expenses	(1,903,001)	(775,684)	(582,254)	(200,403)

9. PROFIT BEFORE TAXATION

Profit before tax is stated after charging all expenses including the following:

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Auditors' Remuneration				
KPMG	11,640	9,024	5,200	4,125
Other Auditors	3,237	2,245	-	-
Fees Paid to Auditors for Non-Audit Services				
KPMG	1,054	1,608	541	756
Other Auditors	1,306	-	-	-
Depreciation on Property, Plant and Equipment	246,810	210,248	133,352	106,171
Amortisation of Right of Use Assets	43,075	23,585	21,325	17,071
Amortisation of Intangible Assets	15,808	34,032	12,350	30,567
Impairment Provision/(Reversal) of Trade Receivables and Amounts due from Related Companies	62,957	6,908	30,121	(19,089)
Impairment (Reversal)/Provision of Financial Assets Measured at Amortised Cost	(16,077)	44,159	5,973	30,659
Impairment Reversal for Investment in Debt Securities	-	(44,325)	-	-
Impairment (Reversal)/Provision of Inventories	(35,571)	29,476	23,050	8,005
Donations	297	93	122	58
Staff Cost (Note 9.1)	1,791,759	1,256,969	726,351	589,856

9.1. Staff Cost

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Wages and Salaries	1,206,951	803,144	426,047	344,100
Defined Contribution Plan Cost - MSPS/EPF/ETF	213,238	145,698	62,218	48,849
Defined Benefit Plan Cost - Retiring Gratuity	168,606	156,165	115,282	97,042
Other Staff Cost	110,604	55,487	42,020	12,907
Bonus	92,360	96,475	80,784	86,958
	1,791,759	1,256,969	726,351	589,856

10. INCOME TAX EXPENSE

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
a. Amount Recognised in Profit or Loss				
Current Tax Expense				
Income Tax on Profit for the year (Note 10.1)	471,834	144,772	77,508	39,595
Under/(Over) Provision of Current Tax of previous years	(8,623)	1,810	(8,948)	1,847
Economic Service Charge written-off	1,547	33,654	-	-
	464,758	180,236	68,560	41,442
Deferred Tax Expense/(Reversal)				
Origination/(Reversal) of Temporary Differences (Note 25.1/25.2)	(237,426)	119,294	(256,118)	3,832
Due to increase in the Income Tax rate	62,700	-	20,066	-
	(174,726)	119,294	(236,052)	3,832
Total Income Tax Expense/(Reversal) in Profit or Loss	290,032	299,530	(167,492)	45,274
b. Amount Recognised in OCI				
Deferred Tax Expense on Equity Investments at FVOCI - net change in fair value	233,823	-	34,301	-
Deferred Tax Expense/(Reversal) on Remeasurement of Retirement Benefit Obligations (Note 25.1/25.2)	(40,754)	54,022	(32,525)	23,266
Deferred Tax Expense on changes in tax rates	397,274	-	366,382	-
Deferred Tax Expense on Revaluation Surplus of Freehold land (Note 25.1/25.2)	-	68,978	-	49,606
Total Deferred Tax Expense in OCI	590,343	123,000	368,158	72,872

10.1. Reconciliation of Accounting Profit to Income Tax Expense

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Profit Before Tax	1,800,039	1,037,641	601,233	507,456
Share of Results of Equity Accounted Investees	-	(38,614)	-	-
	2,114,937	999,027	601,233	507,456
Aggregate Exempted Income	(124,490)	(220,115)	(73,099)	(181,333)
Aggregate Disallowable Expenses	2,499,206	1,032,331	1,544,511	510,291
Aggregate Allowable Expenses	(2,798,478)	(790,283)	(2,236,801)	(823,329)
Aggregate Tax Losses from Business	697,406	129	585,803	-
Taxable Profit from Business	2,073,683	1,021,089	421,647	13,085
Income from Other Sources	124,490	233,724	73,099	181,333
Total Statutory Income	2,198,173	1,254,813	494,746	194,418
Tax Losses Claimed (Note 10.1.1)	(218,236)	(549,446)	-	-
Total Taxable Income	1,979,937	705,367	494,746	194,418
Income Tax @ 30%	189,673	-	-	-
Income Tax @ 24%	216,804	73,875	12,226	18,674
Income Tax @ 18%	14,170	68,577	14,170	20,679
Income Tax @ 14%	51,187	2,320	51,112	242
Income Tax on Profits for the Year	471,834	144,772	77,508	39,595

10.1.1. Reconciliation of Tax Losses

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance at the beginning of the year	475,121	893,169	-	-
Adjustments in respect of prior years	(126,131)	131,269	-	-
Tax Loss utilised during the year	(218,236)	(549,446)	-	-
Tax Loss for the year	697,406	129	585,803	-
Balance at the end of the year	828,160	475,121	585,803	-

10.2. Taxation Rates

As per the recent amendments to the Inland Revenue Act No. 24 of 2017 read together with the Institute of Chartered Accountants of Sri Lanka (ICASL) guideline on application of tax rates, the tax rate given in the Inland Revenue (Amendment) Act No. 10 of 2021 has been considered as at reporting date for current tax and deferred tax computations. Accordingly, E. B. Creasy & Co. PLC and Candy Delights Limited were liable for tax at the rate of 14%, 18% and 24% until 30th September 2022 for different streams of income, whereas the profits of Darley Butler & Co. Ltd was liable for tax at the rate of 24%. However, with effect from 01st October 2022, profits from business, excluding those which are enjoying tax holidays or concessionary rates of taxation as referred to below, are liable for tax at 30%.

Lanka Special Steels Limited is liable for income tax at 20% in terms of the Agreement Registration Number 322 between Board of Investments of Sri Lanka (BOI) and Lanka Special Steels Limited under the BOI Law No. 04 of 1978.

In accordance with the agreement entered into with BOI under Section 17 of the BOI Act No. 04 of 1978, the profits of Ceyflex Rubber Ltd is exempted from income tax for a period of seven years starting from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations, whichever year is earlier. After expiration of above tax exemption period, the profits and income of the enterprise shall be charged at 10% for a period of two years. After expiration of the aforesaid concessionary tax period, profits and income of the enterprise shall be charged for any year of assessment at a rate of 15% or at such rate that may prevail under the Inland Revenue Law, whichever is less.

10.3. Revaluation Surplus on Freehold Land

As per section 6 and Chapter IV of the Inland Revenue Act No. 24 of 2017, freehold lands used for business or investment purpose would be liable to tax at the time of realisation. Accordingly, deferred tax is recognised on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purposes.

Freehold lands which are treated as investment assets for tax purposes would not be considered for deferred tax, since the Act required the deemed cost of the assets to be equal to market value as at 30th September 2017.

10.4. Tax Loss Carried Forward

As per the Gazette notification issued in relation to Transitional Provisions, any unclaimed tax losses carried forward under the Inland Revenue Act No. 10 of 2006 and amendments thereto are deemed to be losses incurred in the Year of Assessment 2018/19 and will be carried forward as per the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto. Further, the Section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto stipulate that, any unrelieved tax losses can be carried forward for 6 years, from the year of assessment of such losses had been incurred.

10.5. Deferred Taxation

Deferred tax has been computed by using applicable tax rates liable for income tax for the Company and its subsidiaries substantially enacted as at the reporting date.

11. EARNINGS PER SHARE/DIVIDEND PER SHARE

11.1. Earnings Per Share

The calculation of earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Profit Attributable to the Equity Holders of the Parent (Rs. '000)	1,513,022	724,672	768,725	462,182
Weighted Average Number of Ordinary Shares (No. '000)	253,546	253,546	253,546	253,546
Earnings per Share (Rs.)	5.97	2.86	3.03	1.82

11.2. Diluted Earnings Per Share

There were no potentially dilutive ordinary shares outstanding at any time during the year.

11.3. Dividend Per Share

For the Year Ended 31st March	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Total Dividend Paid (Rs. '000)	253,546	380,345	253,546	380,345
Number of Ordinary Shares (No. '000)	253,546	253,546	253,546	253,546
Dividend per Share (Rs.)	1.00	1.50	1.00	1.50

12. PROPERTY, PLANT AND EQUIPMENT

12.1. Company

	Freehold										
	Land Rs. '000	Buildings Rs. '000	Plant and Machinery Rs. '000	Motor Vehicles Rs. '000	Factory Equipment Rs. '000	Office Equipment Rs. '000	Lab Equipment Rs. '000	Computers Rs. '000	Furniture and Fittings Rs. '000	Work-In Progress Rs. '000	Total Rs. '000
Cost											
Balance as at 1st April 2021	2,925,000	418,846	1,115,457	114,751	29,123	37,952	11,525	87,657	30,136	124,623	4,895,070
Additions during the year	541,044	89,849	7,413	12,701	1,259	121	470	9,803	59	185,890	848,609
Revaluation	275,591	-	-	-	-	-	-	-	-	-	275,591
Transfers during the year	-	50,111	124,049	-	2,844	-	-	350	-	(177,354)	-
Balance as at 31st March 2022	3,741,635	558,806	1,246,919	127,452	33,226	38,073	11,995	97,810	30,195	133,159	6,019,270
Balance as at 1st April 2022	3,741,635	558,806	1,246,919	127,452	33,226	38,073	11,995	97,810	30,195	133,159	6,019,270
Additions during the year	-	18,378	262,167	149	2,865	2,170	1,243	11,511	190	5,494	304,167
Disposals during the year	-	-	-	-	-	-	-	(904)	-	-	(904)
Transfers during the year	-	22,359	99,332	-	-	-	-	-	-	(121,691)	-
Balance as at 31st March 2023	3,741,635	599,543	1,608,418	127,601	36,091	40,243	13,238	108,417	30,385	16,962	6,322,533
Accumulated Depreciation											
Balance as at 1st April 2021	-	185,325	792,136	114,362	17,357	32,295	10,853	78,929	20,847	-	1,252,104
Depreciation charge for the year	-	24,542	70,105	2,047	2,670	1,060	326	3,962	1,459	-	106,171
Balance as at 31st March 2022	-	209,867	862,241	116,409	20,027	33,355	11,179	82,891	22,306	-	1,358,275
Balance as at 1st April 2022	-	209,867	862,241	116,409	20,027	33,355	11,179	82,891	22,306	-	1,358,275
Depreciation charge for the year	-	29,028	87,149	4,275	3,010	1,156	630	6,655	1,449	-	133,352
Disposals during the year	-	-	-	-	-	-	-	(604)	-	-	(604)
Balance as at 31st March 2023	-	238,895	949,390	120,684	23,037	34,511	11,809	88,942	23,755	-	1,491,023
Provision for Impairment											
Balance as at 1st April 2021	-	-	1,408	-	-	-	-	-	-	1,691	3,099
Balance as at 31st March 2022	-	-	1,408	-	-	-	-	-	-	1,691	3,099
Balance as at 1st April 2022	-	-	1,408	-	-	-	-	-	-	1,691	3,099
Balance as at 31st March 2023	-	-	1,408	-	-	-	-	-	-	1,691	3,099
Carrying Amount											
As at 31st March 2023	3,741,635	360,648	657,620	6,917	13,054	5,732	1,429	19,475	6,630	15,271	4,828,411
As at 31st March 2022	3,741,635	348,939	383,270	11,043	13,199	4,718	816	14,919	7,889	131,468	4,657,896

IMPAIRMENT PROVISION

During 2014/15, the Company made a provision of Rs. 1.4 Million for impairment of mosquito coil manufacturing machinery at Homagama factory.
During 2019/20, the Company made a provision of Rs.1.69 Million for impairment of capital work in progress.
Impairment provisions were recognised as the assets were not in the intended physical condition to generate expected future cash flows.
Recoverable values for determination of above impairment provisions were based on fair value less costs to sell by reference to the market values.

12.2. Group

	Freehold						
	Land Rs.'000	Buildings Rs. '000	Plant & Machinery Rs. '000	Motor Vehicles Rs. '000	Furniture and Fittings Rs. '000	Work-in-Progress Rs. '000	Total Rs. '000
Cost							
Balance as at 1st April 2021	3,432,450	734,468	1,933,696	281,131	425,108	219,704	7,026,557
Additions during the year	541,044	89,849	21,369	12,701	37,359	395,852	1,098,174
Revaluation	360,308	-	-	-	-	-	360,308
Disposals during the year	-	-	(2,885)	(8,730)	-	-	(11,615)
Transfers during the year	-	55,339	137,551	-	29,251	(222,141)	-
Balance as at 31st March 2022	4,333,802	879,656	2,089,731	285,102	491,718	393,415	8,473,424
Balance as at 1st April 2022	4,333,802	879,656	2,089,731	285,102	491,718	393,415	8,473,424
Additions during the year	-	28,658	275,080	10,999	66,285	1,448,875	1,829,897
Disposals during the year	-	-	-	-	(33,663)	-	(33,663)
Transfers during the year	-	43,354	901,618	-	30,591	(975,563)	-
Balance as at 31st March 2023	4,333,802	951,668	3,266,429	296,101	554,931	866,727	10,269,658
Accumulated Depreciation							
Balance as at 1st April 2021	-	252,807	1,147,094	244,650	326,733	-	1,971,284
Depreciation charge for the year	-	37,925	131,736	9,908	30,679	-	210,248
Disposals during the year	-	-	(1,150)	(7,376)	-	-	(8,526)
Balance as at 31st March 2022	-	290,732	1,277,680	247,182	357,412	-	2,173,006
Balance as at 1st April 2022	-	290,732	1,277,680	247,182	357,412	-	2,173,006
Depreciation charge for the year	-	42,955	152,138	10,746	40,971	-	246,810
Disposals during the year	-	-	-	-	(25,472)	-	(25,472)
Balance as at 31st March 2023	-	333,687	1,429,818	257,928	372,911	-	2,394,344
Provision for Impairment							
Balance as at 1st April 2021	-	-	9,356	-	571	1,691	11,618
Balance as at 31st March 2022	-	-	9,356	-	571	1,691	11,618
Balance as at 1st April 2022	-	-	9,356	-	571	1,691	11,618
Written Off during the year	-	-	(1,380)	-	-	-	(1,380)
Balance as at 31st March 2023	-	-	7,976	-	571	1,691	10,238
Carrying Amount							
As at 31st March 2023	4,333,802	617,981	1,828,635	38,173	181,449	865,036	7,865,076
As at 31st March 2022	4,333,802	588,924	802,695	37,920	133,735	391,724	6,288,800

12.3. Capital Work in Progress

Capital Work-in-Progress of Rs. 866.73 Mn in the Group Financial Statements include a sum of Rs. 307.71 Mn attributable to Laxapana Batteries PLC.

Laxapana Batteries PLC (hereafter referred to as “Laxapana”) ventured into the business of investing in solar power and renewable energy projects to generate and supply electricity to the national grid through the Ceylon Electricity Board, and the salient features of the business model followed are as follows:

Laxapana enters into lease agreements with third pay roof-top owners to install roof-stop solar power plants. The roof-top owners will enter into Net-Plus agreements with Ceylon Electricity Board to sell the entirety of electricity generated from the said roof-top solar power plant for a period of 20 years. As per the lease agreement, the roof-top owner has given the right to Laxapana to recognise the entire revenue generated from the solar power plant for the first seven (07) years from the Date of Commissioning of the Power Plant. Laxapana would depreciate the cost of the solar power plant over the 7 years from the Date of Commissioning of the plant. At the conclusion of the 7th year from the Date of Commissioning of the power plant, the legal unencumbered ownership of the roof-top solar power plant shall be transferred from Laxapana to the roof-top owner at zero consideration and the roof-top owner is entitled to the entire revenue generated from the solar power plant for the remaining 13 years of the agreement with the Ceylon Electricity Board.

As at the reporting date, Laxapana had entered into agreements to lease roof-top space of the factory premises of Related Companies – E. B. Creasy & Co. PLC, Ceyflex Rubber Limited, Lanka Special Steels Limited and Candy Delights Limited to install roof-top solar power plants at a cost of Rs. 307.7 Mn and the same is presented under Capital Work-in-Progress. This represents the cost of the power plants not commissioned as at the reporting date. Laxapana recognises the cost of roof-top solar power plants in Property, Plant and Equipment under LKAS 16 and depreciates the same over 7 years from the date of commissioning.

During the year, Laxapana Batteries PLC transferred commissioned roof-top solar power plants amounting to Rs.30.38 Mn (2022 - Rs. 23.38 Mn) from the Capital Work in progress to Property, Plant and Equipment.

The Group’s Capital Work in Progress further includes Rs.528.35 Mn (2022- Rs. 127.66 Mn) incurred by Lanka Special Steels Limited on its new Galvanizing plant at Sapugaskanda.

12.4. Each company in the Group has evaluated both internal and external indicators of impairment of long lived assets and has not identified presence of any impairment indicators as at the reporting date.

12.5. Property, Plant and Equipment pledged as securities in obtaining loans have been disclosed in Note 23 to these Financial Statements.

12.6. The cost of fully depreciated Property, Plant and Equipment of the Group, which are still in use as at 31st March 2023 is Rs.1,278 Million (31st March 2022 – Rs.1,003 Million). The cost of fully depreciated assets of the Company amounts to Rs.985 Million (31st March 2022 – Rs.711 Million).

12.7. During the year under review, the Group has capitalised borrowing cost amounting to Rs.48.90 Mn. (2021/22 - Nil).

12.8. Impairment

In light of current economic conditions, the Group has reassessed the expected future business performance relating to Property, Plant and Equipment, where the management has concluded that the recoverable values exceed their carrying values.

12.9. The Portfolio of Lands Owned by Group Companies are as follows;

						AS AT 31ST MARCH 2023				AS AT 31ST MARCH 2022			
Company Name	Location	Extent Perches	Name of the Valuer	No. of Buildings	Effective Date of the Latest Revaluation	Carrying Amount of Land Under Cost Model Rs.' 000	Carrying Amount of Land Under Revaluation Model Rs.' 000	Level of Fair Value Hierarchy	Market Value of Land Rs.' 000	Carrying Amount of Land Under Cost Model Rs.' 000	Carrying Amount of Land Under Revaluation Model Rs.' 000	Level of Fair Value Hierarchy	Market Value of Land Rs.' 000
E. B. Creasy & Company PLC	No.98, Sri Sangaraja Mawatha, Colombo 10	238	Mr. P. P.T. Mohideen - Independent Chartered Valuer	2	31.03.2022	100	3,217,500	Level 3	3,217,500	100	3,217,500	Level 3	3,217,500
E. B. Creasy & Company PLC	No.55, Maguruwila Road, Gonawala, Sapugaskanda.	868	Mr. P. P.T. Mohideen - Independent Chartered Valuer	3	31.03.2022	541,044	524,135	Level 3	524,135	541,044	524,135	Level 3	524,135
Candy Delights Limited	No.26, Agaradaguru Mawatha, Ekala, Ja-Ela	160	Mr. P.B. Kalugalagedara - Independent Chartered Valuer	1	31.03.2022	32,000	84,000	Level 3	84,000	32,000	84,000	Level 3	84,000
Laxapana Batteries PLC	No.398, Awissawella Road, Panagoda, Homagama	577	Mr. P. P.T. Mohideen - Independent Chartered Valuer	3	31.03.2022	103,256	508,167	Level 3	508,167	103,256	508,167	Level 3	508,167

12.10. Sensitivity Analysis

Possible changes at the reporting date to one of the significant unobservable inputs, holding the other inputs constant, would have the following impacts.

Market price per perch (10% movement)	**Market Price Per Perch as at 31st March 2023 Rs.' 000**	IMPACT ON THE CARRYING VALUE OF LAND Increase +10% of Market Price Per Perch Rs.' 000	Decrease -10% of Market Price Per Perch Rs.' 000
E. B. Creasy & Company PLC - Colombo 10	13,519	321,750	(321,750)
E. B. Creasy & Company PLC - Sapugaskanda	604	52,414	(52,414)
Candy Delights Limited - Ekala	525	8,400	(8,400)
Laxapana Batteries PLC - Homagama	925	50,817	(50,817)

MARKET COMPARABLE METHOD

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for, since the price may not adequately reflect the fair market value.

	GROUP 31.03.2023 Rs. '000	**COMPANY 31.03.2023 Rs. '000**
Land	4,333,802	3,741,635
Total	4,333,802	3,741,635

12.11. All above revaluations are based on market values and the valuations were carried out on 31st March 2022 by independent chartered valuers.

12.12. A land area of 27.63 perches belonging to Laxapana Batteries PLC has been gazetted to be acquired by the Government. The company made a claim on 28.04.2016 for Rs.218.6 Million, which includes the compensation for the said 27.63 perches of land, 3,885 cubic feet of retaining wall and other miscellaneous items. No adjustment has been made in the financial statements, pending finalisation of the claim.

12.13. There were no material contractual commitments for acquisition of property plant and equipment and no idle assets as at the reporting date.

13. INVESTMENT PROPERTY

	GROUP	
	31.03.2023	31.03.2022
	Rs. '000	Rs. '000
Deemed Cost		
At the beginning of the year	2,800	2,800
At the end of the year	2,800	2,800
Accumulated Depreciation		
At the beginning of the year	-	-
At the end of the year	-	-
Carrying Amount	2,800	2,800

Laxapana Batteries PLC, a subsidiary of the Company, transferred a land of 0A-0R-07P to investment property during the year 2018/19, because the land was regarded as held for capital appreciation.

Immediately before the transfer, the Company remeasured the property at fair value and recognised a gain of Rs.1,581,293/- in OCI and transferred the same to Investment Property at a fair value of Rs.2.8 Mn.

LKAS 40.79(e) requires to disclose the fair value of investment property since the Group's policy for subsequent measurement of investment property is 'cost model'. Fair values of the investment property are as follows.

MEASUREMENT OF FAIR VALUES

(I) Fair Value Hierarchy

The fair value of the transferred property was determined by Mr. P. P. T. Mohideen, an external, independent chartered valuer, having appropriate recognised professional qualifications and recent experience in the location and the category of the property being valued. The property was valued in an open market value for existing use basis.

(ii) Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of the land;

Valuation technique	Date of Valuation	Significant Unobservable Inputs	Revalued Amounts	Sensitivity to Unobservable Inputs
Market Comparable Method	31.03.2023	Rs. 550,000 Per Perch	Rs. 3,850,000	Positively Correlated

The fair value measurement for the land has been categorised as level 3 fair value, based on the inputs to the valuation technique used. The revaluation is based on market values and the valuation was carried out on 31st March 2023.

There were no direct operating expenses incurred during the year in respect of above investment property.

14. RIGHT OF USE ASSETS

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Cost				
At the beginning of the year	209,158	176,546	299,131	288,279
Modification to Right of Use Assets	47,273	7,604	69,613	10,852
Additions during the year	25,927	25,008	25,927	-
At the end of the year	282,358	209,158	394,671	299,131
Amortisation				
At the beginning of the year	60,668	37,083	47,883	30,812
Amortisation during the year	43,075	23,585	21,325	17,071
At the end of the year	103,743	60,668	69,208	47,883
Carrying Amount	178,615	148,490	325,463	251,248

15. INTANGIBLE ASSETS

		GROUP		COMPANY	
		31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Note	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
Goodwill	15.1	189,361	189,361	-	-
Trade Mark	15.2	1,432	15,612	-	11,578
Software	15.3	5,541	3,107	2,519	1,485
		196,334	208,080	2,519	13,063

15.1 Goodwill

This represents the excess of the cost of acquisition over the net assets of the following companies. The aggregate of carrying amount of goodwill allocated to each company is as follows:

Name of the Subsidiary	GROUP	
	31.03.2023	31.03.2022
	Rs. '000	Rs. '000
Muller & Phipps (Ceylon) PLC	146,628	146,628
Laxapana Batteries PLC	6,605	6,605
Lanka Special Steels Limited	36,128	36,128
	189,361	189,361

NOTES TO THE FINANCIAL STATEMENTS

15.1.1. Recoverable values estimated with reference to the value in use

Methods used in estimating recoverable amounts are given below:

The recoverable value of Laxapana Batteries PLC was estimated based on fair value less cost to sell and Muller & Phipps (Ceylon) PLC and Lanka Special Steels Ltd were assessed based on value in use. Value in use was determined by discounting future cash flows from the investment. Key assumptions used are given below:

Investee	Significant unobservable inputs	Value of the input
Muller & Phipps (Ceylon) PLC	Average Growth Rate	15% for first 5 years and 3% terminal growth rate
	Margin	Current Margin
	Discount Rate	27%
	Term	5 years (terminal value thereafter)
Lanka Special Steels Limited	Average Growth Rate	10% for first 5 years and 3% terminal growth rate
	Margin	Current Margin
	Discount Rate	24.0%
	Term	5 years (terminal value thereafter)

In light of current economic conditions, the Group reassessed the expected future business performance relating to cash generating units (CGUs) where the management has concluded that the recoverable values of CGUs exceed their carrying values.

15.2. TRADE MARK

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Cost				
At the beginning of the year	91,955	91,955	70,000	70,000
Additions during the year	-	-	-	-
At the end of the year	91,955	91,955	70,000	70,000
Amortisation				
At the beginning of the year	76,343	50,395	58,422	35,076
Amortisation for the period	14,180	25,948	11,578	23,346
At the end of the year	90,523	76,343	70,000	58,422
Carrying Amount	1,432	15,612	-	11,578

15.2.1. Trade Mark

During the financial year 2015/2016, Darley Butler & Company Limited aquired the agency rights of Intas Pharmaceuticals Limited for Rs.13 Million which was amortised over 03 Years.

During the financial year 2019/2020, E. B .Creasy & Co. PLC paid an amount of Rs.70 million to Lankem Ceylon PLC for acquisition of Lankem consumer brands which is being amortised over 03 Years.

During the financial year 2020/2021, an amount of Rs. 7,804,878/- was paid to Brown & Company PLC to acquire the agency rights of Unosource Pharma Ltd by Darley Butler & Co. Ltd and the same is amortised over 03 Years.

15.3 Software

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Cost				
At the beginning of the year	87,389	85,510	73,605	72,145
Additions during the year	4,062	1,879	1,806	1,460
At the end of the year	91,451	87,389	75,411	73,605
Amortisation				
At the beginning of the year	84,282	76,198	72,120	64,899
Amortisation during the year	1,628	8,084	772	7,221
At the end of the year	85,910	84,282	72,892	72,120
Carrying Amount	5,541	3,107	2,519	1,485

16. INVESTMENTS

16.1. Investments in Subsidiaries

		COMPANY							
		31.03.2023				31.03.2022			
	Principal Place of Business	**No. of Shares**	**Company/ Group Holding**	**Cost as at 31.03.2023**	**Market Value**	No. of Shares	Company/ Group Holding	Cost as at 31.03.2022	Market Value
			%	**Rs. '000**	**Rs. '000**		%	Rs. '000	Rs. '000
Quoted Investments	No 98, Sri Sangaraja Mawatha, Colombo 10								
Laxapana Batteries PLC		45,212,378	68.27	510,579	592,282	45,282,378	68.27	510,579	705,313
Muller & Phipps (Ceylon) PLC		145,061,773	51.26	189,385	174,074	145,061,773	51.26	189,385	145,062
				699,964	766,356			699,964	850,375
Unquoted Investments									
Darley Butler & Co. Limited		9,999,964	100	952,865	-	9,999,964	100	952,865	-
Candy Delights Limited		1,384,450	100	107,233	-	1,384,450	100	107,233	-
Filmpak Limited		150,000	100	1,500	-	150,000	100	1,500	-
Group Three Associates (Pvt) Limited		1,200	100	12	-	1,200	100	12	-
E. B. Creasy Ceylon (Pvt) Limited		143,582	100	24,988	-	143,582	100	24,988	-
Corporate Systems Limited		10,000	100	100	-	10,000	100	100	-
E. B. Creasy Logistics Limited		50,000	100	500	-	50,000	100	500	-
Lanka Special Steels Limited		1,823,074	100	265,116	-	1,823,074	100	164,847	-
Ceyflex Rubber Limited		7,993,183	100	120,000	-	7,993,183	100	120,000	-
				1,472,314				1,372,045	
Less: Provision for Fall-in Value in Investment (Note 16.1.2)				(1,612)				(1,612)	
				1,470,702				1,370,433	
				2,170,666				2,070,397	

NOTES TO THE FINANCIAL STATEMENTS

16.1.1. Investments with Significant Non-Controlling Interest

	LAXAPANA BATTERIES PLC		MULLER & PHIPPS (CEYLON) PLC	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
Percentage holding of Non-Controlling Interest (%)	31.73	31.73	48.74	48.74

	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Profit/(Loss) attributable to Non-Controlling Interest	48,552	31,709	(51,567)	(18,270)
Other Comprehensive Income/(Expense) attributable to Non-Controlling Interest	(7,779)	17,120	(4,844)	(4,306)
Total Comprehensive Income/(Expense) attributable to Non - Controlling Interest	40,773	48,829	(56,411)	(22,576)
Dividend paid to Non-Controlling Interest	42,026	36,700	-	-
Summarised Financial Information				
Non Current Assets	902,792	690,566	106,615	102,145
Current Assets	494,686	647,883	355,598	697,028
Non Current Liabilities	154,359	89,664	10,378	8,192
Current Liabilities	303,152	304,864	511,572	752,477
Revenue	915,636	869,831	526,850	1,064,608
Profit/(Loss) for the year	153,015	100,120	(88,304)	(36,693)
Total Comprehensive Income/(Expense) for the year	128,499	154,175	(98,241)	(45,897)

Above summarised financial information reflect the amounts attributable to shareholders of E. B. Creasy & Company PLC based on the Group's consolidation policy on revaluation of land. As such, there is a gap between the figures shown above and published financial statements of Laxapana Batteries PLC.

Principal place of business of Laxapana Batteries PLC and Muller & Phipps (Ceylon) PLC is at No.98, Sri Sangaraja Mawatha, Colombo 10.

16.1.2. Provision for fall in value in Investments

The Company has made 100% provision on the investments in Filmpak Limited, Group Three Associates (Pvt) Limited and Corporate Systems Limited as they have reported losses and ceased their operations.

16.2. Group Companies' Investment in Subsidiaries

Investor	Investee	% HOLDING		NO. OF SHARES	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Pvt) Limited	100	100	2,033,618	2,033,618

16.3. Other Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Group designated the investments shown below as Other Financial Assets measured at Fair Value Through Other Comprehensive Income because the Group intends to hold these investments for strategic purposes.

16.3.1. Company

	COMPANY			
	31.03.2023		31.03.2022	
	No. of Shares	**Market Value Rs. '000**	No. of Shares	Market Value Rs. '000
Quoted Investments				
DFCC Bank PLC	18,130	796	17,302	831
ACME Printing & Packaging PLC (Note 16.3.2.1)	50,386,811	317,437	8,220,000	90,420
Lankem Ceylon PLC	9,399,646	711,554	9,724,635	272,290
Unquoted Investments				
Imperial Hotels Ltd	19,825	434	19,825	397
Agarapatana Plantations Ltd	26,541,327	247,100	26,541,327	132,707
		1,277,321		496,645

16.3.2. Group

	GROUP			
	31.03.2023		31.03.2022	
	No. of Shares	**Market Value Rs. '000**	No. of Shares	Market Value Rs. '000
Quoted Investments				
York Arcade Holdings PLC	9,000	1,280	9,000	1,382
CM Holdings PLC	95,640	6,034	95,640	7,536
Commercial Development Company PLC	600	60	600	61
DFCC Bank PLC	18,130	796	17,302	831
ACME Printing & Packaging PLC (Note 16.3.2.1)	50,386,811	317,437	8,220,000	90,420
Hemas Holdings PLC	161,053	10,468	161,053	7,441
Beruwala Resorts PLC	60,000	84	60,000	54
Marawila Resorts PLC	156,188	328	156,188	296
Lankem Ceylon PLC	9,960,133	753,983	10,285,122	287,983
Kotagala Plantations PLC	10,487,299	63,973	25,000,000	105,000
C. W. Mackie PLC	2,350	192	2,350	129
Sigiriya Village Hotels PLC	61,762	3,459	61,762	3,706
		1,158,094		504,839

NOTES TO THE FINANCIAL STATEMENTS

	GROUP			
	31.03.2023		31.03.2022	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Unquoted Investments				
Ceylon Biscuits Limited	5,041,680	588,808	5,041,680	329,423
International Manufacturers Limited	3,300	23	3,300	23
Agarapatana Plantations Limited	40,952,597	380,116	40,952,597	187,842
Imperial Hotels Ltd	19,825	434	19,825	397
Colombo Fort Hotels Limited	10,620,000	110,768	10,620,000	112,324
		1,080,149		630,009
Investment in Debentures				
Kotagala Plantations PLC (Note 16.3.2.2)	-	12,967	-	14,713
		12,967		14,713
Total		2,251,210		1,149,561

16.3.2.1. As at the reporting date, Lankem Ceylon PLC (LCL), jointly with E B Creasy & Co PLC (EBC), the parties acting in concert, holds 78.24% equity stake in ACME Printing & Packaging PLC (ACME). EBC entered into a formal shareholder agreement with LCL, wherein LCL has been granted the authority to act as the immediate parent of ACME on the basis that LCL has the expertise in the packaging industry and currently manages the other subsidiaries in the packaging cluster of the Group. As per the said agreement, LCL has the power to control the financial and operating policies in ACME, and accordingly as per SLFRS 10 'Business Combinations', EBC has not recognised the investment in ACME as a subsidiary and has not consolidated the same in its Group Financial Statements.

Strategic Investments were disposed during the financial year, the cumulative gains relating to these disposals are Rs. 16.78 Mn (Company) and Rs. 51.68 Mn (Group).

16.3.2.2. During the year 2014/15, Muller & Phipps (Ceylon) PLC subscribed to following Debentures of Kotagala Plantations PLC with a par value of Rs.100/- each and renewed the same during the financial year 2020/21.

Category	No. of Debentures	Terms of Debentures	Interest Rate p. a. (payable semi annually)	Maturity
Type C	125,000	06 Years	7.50%	31-Aug-26
Type D	125,000	06 Years	7.50%	30-Sep-26

16.4. Other Financial Assets Measured at Amortised Cost

16.4.1. Investment in Debentures

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
9% Unsecured redeemable debentures of Rs. 100 each (16.4.1.1)	-	-	-	-
	-	-	-	-
Impairment (16.4.1.2)	-	-	-	-
	-	-	-	-

16.4.1.1. Investment in Debentures

Darley Butler & Co. Limited, a subsidiary of the Company, has purchased debentures amounting to Rs.270,000,000/- from Lankem Tea and Rubber Plantations (Pvt) Ltd. (LTR) during the year ended 31st March 2005. LTR has redeemed debentures amounting to Rs.30 Million in the year 2007/2008, Rs.20 Million in the year 2008/2009, Rs.9 Million in the year 2009/2010 and Rs.112.5 Million in the year 2010/2011.

During the financial year 2021/22, LTR transferred 25,000,000 nos of shares of Kotagala Plantations PLC held by LTR to Darley Butler & Co. Ltd valued at Rs.6.40 per share in lieu of settlement of the remaining debenture balance of Rs.98.5 Mn and partial settlement of debenture interest receivable.

16.4.1.2. Impairment

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance at the beginning of the year	-	44,325	-	-
Charge/(Reversals) during the year	-	(44,325)	-	-
Balance at the end of the year	-	-	-	-

16.4.2. Loans Due from Related Parties

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Term Loans (16.4.2.1)	135,000	285,000	94,000	195,000
Impairment (16.4.2.2)	(60,750)	(76,827)	(42,300)	(36,327)
	74,250	208,173	51,700	158,673

16.4.2.1. Term Loans

		GROUP		COMPANY	
	Note	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Consolidated Tea Plantations Limited	a	135,000	135,000	45,000	45,000
ACME Printing & Packaging PLC	b	-	150,000	-	150,000
Pettah Pharmacy (Pvt) Ltd	c	-	-	49,000	-
		135,000	285,000	94,000	195,000

a) Loan granted to Consolidated Tea Plantations Limited

E. B. Creasy & Co. PLC and Darley Butler & Co. Limited granted collateral-free short term loans of Rs.45 Mn and Rs. 90 Mn respectively to Consolidated Tea Plantations Limited at an interest rate of AWPLR plus 2% per annum payable on demand. From the financial year 2020/21 onwards, the Group terminated recognition of interest income on said loans.

b) Loan granted to ACME Printing & Packaging PLC

During the financial year 2021/22, E. B. Creasy & Co. PLC granted a collateral-free short-term loan of Rs. 150 Million to ACME Printing & Packaging PLC at an interest rate of AWPLR plus 2%. This was fully settled during the financial year under review.

c) Loan granted to Pettah Phamacy (Pvt) Ltd

During the year, E B Creasy & Co. PLC granted a collateral-free short-term loan of Rs.49 Million to Pettah Pharmacy (Pvt) Ltd at an interest rate of AWPLR plus 2%.

16.4.2.2. Impairment

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Balance at the beginning of the year	76,827	32,668	36,327	5,668
Charge/(Reversals) during the year	(16,077)	44,159	5,973	30,659
Balance at the end of the year	60,750	76,827	42,300	36,327

16.5. Other Financial Assets Measured at Fair Value Through Profit or Loss

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Treasury Bond (Note 16.5.1)	98,533	-	-	-
	98,533	-	-	-

16.5.1. Pettah Pharmacy (Pvt) Limited, a subsidary of the Group, was issued a Treasury Bond which carried a maturity date of 15th September 2027 in lieu of settlement of trade receivables due from State Pharmaceutical Corporation. This treasury bond was susequently sold by the company at the then prevailing market price after the reporting date.

16.6. Investment in Equity Accounted Investee – Equity Method

The Company's and the Group's holding stake in Lankem Ceylon PLC were diluted to 18.89% and 19.98% respectively with effect from 30th June 2021. As such, the Group ceased recognition of Lankem Ceylon PLC as an equity accounted investee with effect from 30th June 2021, and classified the investments under Fair Value through Other Comprehensive Income.

Until the dilution of stake the Group's share of profit/(loss) on Lankem Ceylon PLC is based on its published unaudited interim financial statements for the 3 months ended 30th June 2021.

	31.03.2023		31.03.2022	
	Lankem Ceylon PLC Rs. '000	Total Rs. '000	Lankem Ceylon PLC Rs. '000	Total Rs. '000
Summary of the Statement of Total Comprehensive Income/ (Expense)			For 3 months ended 30.06.2021	
Revenue	-	-	4,442,543	4,442,543
Depreciation and Amortisation	-	-	(107,329)	(107,329)
Interest Expenses	-	-	(211,166)	(211,166)
Expenses	-	-	(4,195,860)	(4,195,860)
Other Comprehensive Income/(Expense)	-	-	1,986	1,986
Elimination of Loss/(Profit) attributable to Non-Controlling Interest	-	-	16,479	16,479
Investee share of Loss and Other Comprehensive Expense	-	-	(18,143)	(18,143)
Dilution Impact of Investee share in Statement of Profit or Loss	-	-	57,432	57,432
Total	-	-	39,289	39,289
Share of Profit Net of Tax	-	-	38,614	38,614
Share of Other Comprehensive Income	-	-	675	675
Total	-	-	39,289	39,289
Summary of the Statement of Cash Flows				
Cash Flows used in Operating Activities	-	-	(128,270)	(128,270)
Cash Flows used in Investing Activities	-	-	(37,641)	(37,641)
Cash Flows from Financing Activities	-	-	480,788	480,788
Net Increase in Cash and Cash Equivalents	-	-	314,877	314,877

17. INVENTORIES

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Raw Materials	1,623,882	1,214,033	1,051,372	965,095
Work-in-Progress	68,855	61,364	46,185	16,118
Finished Goods	1,900,401	1,725,307	644,765	297,555
General and Others	8,574	14,988	-	-
Consumable Stocks	140,133	65,604	136,843	62,843
Goods-in-Transit	1,005,604	352,209	393,472	65,806
Right to Recover Returned Goods	206,911	125,639	15,613	6,217
	4,954,360	3,559,144	2,288,250	1,413,634
Impairment of Inventories (Note 17.1)	(106,863)	(142,434)	(51,148)	(28,098)
	4,847,497	3,416,710	2,237,102	1,385,536

17.1. Impairment of Inventories

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Balance at the beginning of the year	142,434	112,958	28,098	20,093
(Reversals)/Charge during the year	(35,571)	29,476	23,050	8,005
Balance at the end of the year	106,863	142,434	51,148	28,098

Inventories pledged as securities in obtaining loans are disclosed in Note 23.

On adoption of SLFRS 15, an asset for right to recover returned goods is recognised in relation to products sold with a right to return.

18. AMOUNTS DUE FROM RELATED COMPANIES

18.1. Amounts Due from Related Companies - Trade

	Relationship	GROUP		COMPANY	
		31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Darley Butler & Company Limited	Subsidiary	-	-	603,405	1,642,125
Laxapana Batteries PLC	Subsidiary	-	-	-	15,833
Lankem Ceylon PLC	Group Company	4,777	1,527	-	-
SunAgro LifeScience Limited	Group Company	1,467	-	-	-
ACME Printing & Packaging PLC	Group Company	130,240	-	130,240	-
Impairment of amounts due from related companies (Note 18.1.1)		(19,769)	(39)	(21,178)	(5,836)
		116,715	1,488	712,467	1,652,122

18.1.1. Impairment of amounts due from related companies - Trade

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Balance at the beginning of the year	39	-	5,836	3,563
Charge during the year	19,730	39	15,342	2,273
Balance at the end of the year	19,769	39	21,178	5,836

18.2. Amounts Due from Related Companies - Non-Trade

	Relationship	GROUP 31.03.2023 Rs. '000	GROUP 31.03.2022 Rs. '000	COMPANY 31.03.2023 Rs. '000	COMPANY 31.03.2022 Rs. '000
American Lloyd Travels Limited	Group Company	450	450	450	450
Kotagala Plantations PLC	Group Company	15,473	703	14,770	-
Consolidated Tea Plantations Limited	Group Company	98,733	74,616	16,876	5,646
Lankem Tea & Rubber Plantations (Pvt) Limited	Group Company	31,039	31,039	-	-
Agarapatana Plantations Limited	Group Company	16,698	2,709	16,698	1,699
Corporate Systems Limited	Subsidiary	-	-	-	95
E. B. Creasy Logistics Limited	Subsidiary	-	-	93	51,515
Pettah Pharmacy (Pvt) Limited	Subsidiary	-	-	8,241	13,707
Lanka Special Steels Limited	Subsidiary	-	-	15,584	-
Candy Delights Limited	Subsidiary	-	-	110,138	88,205
Lankem Ceylon PLC	Group Company	1,516	-	-	-
Marawila Resorts PLC	Group Company	189	98	189	98
Beruwala Resorts PLC	Group Company	867	830	867	830
Colombo Fort Group Services (Private) Limited	Group Company	988	2,169	988	2,169
Sigiriya Village Hotels PLC	Group Company	603	812	247	205
York Hotel Management Services Limited	Group Company	144	24	24	24
ACME Printing & Packaging PLC	Group Company	14,995	2,094	14,995	2,094
Ceyflex Rubber Limited	Subsidiary	-	-	140,542	184,131
		181,695	115,544	340,702	350,868
Less: Impairment of Amounts due from Related Companies (Note 18.2.1)		(61,358)	(48,756)	(29,513)	(14,231)
		120,337	66,788	311,189	336,637

The Group do not charge interest on above balances due from related companies as terms of recovery of the aforesaid balances are based on the general commercial terms.

18.2.1. Impairment of Amounts due from Related Companies - Non-Trade

	Relationship	GROUP 31.03.2023 Rs. '000	GROUP 31.03.2022 Rs. '000	COMPANY 31.03.2023 Rs. '000	COMPANY 31.03.2022 Rs. '000
Balance at the beginning of the year		48,756	65,875	14,231	35,465
Charge/(Reversals) during the year		12,602	(17,119)	15,282	(21,234)
Balance at the end of the year		61,358	48,756	29,513	14,231

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Trade Receivables - Others	3,042,106	2,882,270	33,170	91,820
Impairment of Trade Receivable (Note 19.1)	(197,408)	(166,783)	(8,389)	(8,892)
	2,844,698	2,715,487	24,781	82,928
Deposits and Prepayments	74,124	90,839	-	60
Employee Advances	23,767	10,515	-	-
Other Tax Recoverables	184,837	13,601	15,393	423
Other Receivables	347,508	311,030	29,218	22,231
	3,474,934	3,141,472	69,392	105,642

19.1. Impairment of Trade Receivables

	GROUP 31.03.2023	GROUP 31.03.2022	COMPANY 31.03.2023	COMPANY 31.03.2022
Balance at the beginning of the year	166,783	142,795	8,892	9,020
Charge/(Reversals) during the year	30,625	23,988	(503)	(128)
Balance at the end of the year	197,408	166,783	8,389	8,892

20. CASH AND CASH EQUIVALENTS

20.1. Favourable Balance

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Cash in Hand	2,298	3,123	982	1,222
Cash at Bank	850,620	1,231,925	134,934	172,783
Fixed Deposits	100,000	439,203	100,000	410,120
Cash and Cash Equivalents in the Statement of Financial Position	952,918	1,674,251	235,916	584,125

20.2. Unfavourable Balance

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Bank Overdrafts used for Cash Management Purpose (Note 20.2.1)	(1,044,080)	(640,856)	(443,597)	(362,591)
Cash and Cash Equivalents in the Statement of Cash Flows	(91,162)	1,033,395	(207,681)	221,534

20.2.1. The Group's bank overdraft facilities are secured against mortgages over property, shares, stocks and book debts.

21. STATED CAPITAL

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Issued and Fully Paid				
253,545,800 Ordinary Shares	25,731	25,731	25,731	25,731

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

22. CAPITAL RESERVES AND GENERAL RESERVES

22.1. General Reserve

General reserve is the reserve set aside for general purposes.

22.2. Revaluation Reserve

The revaluation reserve relates to the surplus (net of tax effect) on revaluation on lands.

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
At the beginning of the year	2,627,234	2,965,733	2,283,584	2,057,599
Revaluation Gain on Freehold Land, net of Deferred Tax	-	291,330	-	225,985
Deferred Tax Effect on Revaluation Gain due to change in income tax rate	(397,274)	-	(366,382)	-
Effect of Acquisition, Disposals and Changes in Percentage in Subsidiaries of Equity Accounted Investees	-	(629,829)	-	-
Balance at the end of the year	2,229,960	2,627,234	1,917,202	2,283,584

23. INTEREST-BEARING LOANS AND BORROWINGS

23.1. Loans and Borrowings

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
At the beginning of the year	1,698,053	361,153	1,487,170	146,927
Obtained during the year	795,299	1,677,662	179,892	1,537,204
Repayment during the year	(392,469)	(340,762)	(224,764)	(196,961)
Balance at the end of the year	2,100,883	1,698,053	1,442,298	1,487,170
Repayable within one year	(434,432)	(323,577)	(278,041)	(255,074)
Repayable after one year	1,666,451	1,374,476	1,164,257	1,232,096

23.2. Amounts Payable within One Year

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
Short-Term Loans	2,407,595	2,190,758	1,323,803	1,933,556
Current portion of Long Term Loans (Note 23.1)	434,432	323,577	278,041	255,074
Trust Receipt Loans (Note 23.2.1)	1,774,640	1,332,553	1,083,895	659,559
	4,616,667	3,846,888	2,685,739	2,848,189

23.2.1. Trust Receipt Loans

The Company and the Group have obtained following Trust Receipt Loans and were outstanding as at the reporting date.

	GROUP	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000
E. B. Creasy & Company PLC	1,083,895	659,559
Darley Butler & Company Limited	346,479	537,778
Laxapana Batteries PLC	40,472	-
Pettah Pharmacy (Pvt) Limited	303,794	135,216
	1,774,640	1,332,553

COMPANY

The Company's trust receipt loans and short - term loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10, share investments and stocks in trade and assignment of book debts.

GROUP

Darley Butler & Company Limited

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10 which is owned by E. B. Creasy & Co. PLC, share investments and company's stocks in trade and assignment of its book debts.

Laxapana Batteries PLC

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at Panagoda, Homagama and stocks in trade and assignment of book debts.

Pettah Pharmacy (Pvt) Limited

Trust receipt loans are secured by existing mortgage bonds to banks over pharmaceutical stocks in trade and assignment of book debts.

23.3. Term Loans

E. B. Creasy & Company PLC and its Subsidiaries have obtained following Long Term Loans and were outstanding as at the reporting date.

Company	Lender	**31.03.2023 Rs. Millions**	31.03.2022 Rs. Millions	Interest Rate p.a.	Terms of Repayment	Security
E. B. Creasy & Company PLC	Sampath Bank PLC					
	Loan 1	29.60	53.85	AWPLR+3%	Each sub loan to be repaid in 60 monthly installments	Loan agreements for respective sub loan amounts and mortgage over respective machinery imported and installed at the factory premises at Millewa estate Millewa.
	Loan 2	1.24	2.75	6.0% p.a	71 equal monthly installments of Rs.117,000/- and a final installment of Rs.186,000/-	Term loan Agreement for Rs.8,493,000/- and a promissory Note for Rs.8,493,000/-.
	Commercial Bank of Ceylon PLC					
	Loan 1	-	6.05	AWPLR+3%	44 equal monthly installments of Rs.2,350,000/- each and a final installment Rs.1,350,000/-	Primary Mortgage Bond for Rs.140 Million over machinery.
	Loan 2	319.00	371.41	AWPLR+2.5%	83 equal monthly installments of Rs.4,765,000/- each and a final installment Rs.4,505,000/-	Primary Mortgage Bond executed for Rs. 400 Million over land called 'Alubogahawatta' and 'Batadombagahawatta', Gonawala.
	Nations Trust Bank PLC					
	Loan 1	-	1.23	AWPLR+3.0%	46 equal monthly installments of Rs.702,000/- and a final installment of Rs.708,000/-	Loan agreement for Rs.33 Million.

NOTES TO THE FINANCIAL STATEMENTS

Company	Lender	31.03.2023 Rs. Millions	31.03.2022 Rs. Millions	Interest Rate p.a.	Terms of Repayment	Security
	Bank of Ceylon					
	Loan 1	855.21	955.21	AWPLR+2%	Monthly Installment - 1st to 36th month - Rs. 10,000,000/- + Interest - 37th to 72nd month - Rs. 15,000,000/- + Interest - 73rd to 84th month - Rs. 20,800,000/- + Interest	Primary Mortgage over property located at No.98, Sri Sangaraja Mawatha, Colombo 10 owned by E. B. Creasy & Co. PLC.
	Loan 2	158.93	-	15.5% p.a.	36 equal monthly installments of Rs.5,241,594/-.	Primary Mortgage over property located at No.98, Sri Sangaraja Mawatha, Colombo 10 owned by E. B. Creasy & Co. PLC.
	Cargills Bank Limited					
	Loan 1	78.31	96.67	AWPLR+2.75%	59 equal monthly installments of Rs.1,666,667/- and a final installment of Rs.1,666,647/-	Primary Mortgage executed over machineries at "Ninja" mosquito coil production facility at Gonawala for Rs.100 Million.
		1,442.29	1,487.17			
Candy Delights Limited	Hatton National Bank PLC					
	Loan 1	6.38	22.93	AWPLR+2.0%	48 equal monthly installments of Rs.1.25 Million each	Primary Floating Mortgage Bond for Rs.60 Million over movable machinery and equipment imported at a cost of Rs.82 Million and installed at Candy Delights Ltd., Unit 3, Industrial Estate, Ekala.

Company	Lender	31.03.2023 Rs. Millions	31.03.2022 Rs. Millions	Interest Rate p.a.	Terms of Repayment	Security
	Loan 2	9.39	33.81	AWPLR+2.0%	48 equal monthly installments of Rs.1.875 Million each	Registered Primary Floating Mortage Bond for Rs.120 Million over land, immovable machinery situated at No. 26, Agaradaguru Mawatha, Ekala and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications thereto) with all fixtures, fittings, services and such other rights attached.
		15.77	56.74			
Lanka Special Steels Limited	Commercial Bank of Ceylon PLC					
	Loan 1	21.40	39.77	AWPLR+1.5%	59 equal monthly installments of Rs.1,530,000/- each and a final installment of Rs.1,519,145/-	Primary mortgage bond for Rs.91.8 Million over wire drawing plant with accessories.
	Loan 2	319.00	55.06	9.5% p.a.	60 equal monthly installments of Rs.7,250,000/- each	Floating primary mortgage bond for Rs. 27 Million over lease hold right of LINDEL (Lot No: 5,6 &7) and Floating Primary Mortgage Bond for Rs. 483 Million over Machinery of New wire galvanizing plant.
	Loan 3	104.47	-	AWPLR+2.5%	60 equal monthly installments of Rs.2,000,000/- each	

NOTES TO THE FINANCIAL STATEMENTS

Company	Lender	31.03.2023 Rs. Millions	31.03.2022 Rs. Millions	Interest Rate p.a.	Terms of Repayment	Security
	DFCC BANK PLC					
	Loan 1	150.00	-	AWPLR+2.25%	60 equal capital installments after a grace period of 12 months from the disbursement date.	Primary mortgage bond for Rs.25 Million over movable machinery, Mortgage bond for Rs.300 Million over stocks and Mortgage bond for Rs.275 Million over stock and book debts.
		594.87	94.83			
Laxapana Batteries PLC	Commercial Bank of Ceylon PLC	47.95	56.40	9.0% p.a	59 equal monthly installments of Rs.3,330,000/- each and a final installment of Rs.3,530,000/- (6 years including 1 year grace)	Primary mortgage bond totaling for Rs.56.4 million over the solar panels and related machinery and equipment installed in the rooftop solar systems.
		47.95	56.40			
Ceyflex Rubber Limited	Nations Trust Bank PLC	-	2.91	AWPLR+3.0%	47 equal monthly installments of Rs.2,700,000/- each and a final installment of Rs.3,100,000/- after a grace period of 6 months	Primary mortgage bond for Rs.150 Million over Rights under the Board of Investments Agreement No.28 dated 12/05/2016, Buildings and Machinary on the project property at Horana Export Processing Zone. Lodgment of 100,000 Nos (unquoted) shares of Ceyflex Rubber Limited owned by E. B. Creasy & Company PLC
		-	2.91			
		2,100.88	1,698.05			

23.4. Lease Liabilities

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
At the beginning of the year	239,001	219,340	291,527	287,381
Modification to Lease Liabilities	47,273	7,604	69,613	10,852
Additions during the year	22,531	25,008	22,531	-
Interest Expense (Note 8.2)	35,014	27,621	45,542	34,732
Payments	(73,053)	(48,802)	(56,676)	(41,438)
Exchange Fluctuation	3,498	8,230	-	-
Balance at the end of the year	274,264	239,001	372,537	291,527
Repayable within one year	41,272	30,965	25,720	22,276
Repayable after one year	232,992	208,036	346,817	269,251

23.4.1. Amounts recognised in profit or loss

Interest on lease liabilities (Note 8.2)	35,014	27,621	45,542	34,732
Exchange Fluctuation	3,498	8,230	-	-

23.4.2. Amounts recognised in statement of cash flows

Repayments of lease liabilities	(73,053)	(48,802)	(56,676)	(41,438)

24. DEFERRED INCOME AND CAPITAL GRANTS

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
At the beginning of the year	4,008	4,268	4,008	4,268
Amortised during the year	(260)	(260)	(260)	(260)
At the end of the year	3,748	4,008	3,748	4,008
Non-Current	3,748	4,008	3,748	4,008

E. B. Creasy & Co. PLC received a grant of Rs.5.2 Million during the year ended 31st March 2018 in relation to setting up a roof top solar power project on net metering basis under ADB funded clean energy and network efficiency improvement projects which is amortised over 20 years.

NOTES TO THE FINANCIAL STATEMENTS

25. DEFERRED TAX ASSETS/(LIABILITIES)

25.1. Deferred Tax Assets

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
At the beginning of the year	210,181	357,796	-	-
Adjustment in respect of previous year	-	7,446	-	-
Transferred to Deferred Tax Liabilities	(308)	-	-	-
Charged in the Profit or Loss	98,191	(126,810)	-	-
Amount recognised due to increase in tax rate - Profit or Loss	(52,481)	-	-	-
Charged in other comprehensive income	(191,709)	(28,251)	-	-
At the end of the year	63,874	210,181	-	-

25.2. Deferred Tax Liabilities

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	**31.03.2023 Rs. '000**	31.03.2022 Rs. '000
At the beginning of the year	666,770	572,090	519,473	442,769
Transferred from Deferred Tax Assets	(308)	-	-	-
(Reversed)/Charged in the Profit or Loss	(139,235)	(69)	(256,118)	3,832
Amount recognised due to increase in tax rate - Profit or Loss	10,219	-	20,066	-
Amount recognised due to increase in tax rate - OCI	397,274	-	366,382	-
Charged in the other comprehensive income	1,360	94,749	1,775	72,872
At the end of the year	936,080	666,770	651,578	519,473

25.3. Deferred Tax Assets/(Liabilities)

Deferred tax assets/(liabilities) have been recognised in respect of the following and it has been calculated by applying the effective tax rates of respective companies in the group which are liable for income tax.

GROUP

	31.03.2023		31.03.2022	
	Temporary Difference Rs. '000	Tax Effect Rs. '000	Temporary Difference Rs. '000	Tax Effect Rs. '000
Deferred Tax Liability				
Property, Plant and Equipment	1,220,607	366,182	1,151,944	207,076
Retirement Benefit Obligations	(801,487)	(240,446)	(630,950)	(113,961)
Tax Loss Carried Forward	(625,473)	(187,642)	(187,704)	(33,787)
Revaluation surplus of land	3,514,470	1,054,341	3,514,471	657,162
Impairment of Financial Assets	(42,300)	(12,690)	-	-
Impairment of debtors and amounts due from related companies	(86,750)	(26,025)	(91,128)	(16,851)
Other Financial Assets measured at FVOCI	114,337	34,301	-	-
Provision for warranty	(23,010)	(6,903)	(26,011)	(6,160)
Inventories	(61,637)	(18,491)	(64,442)	(13,500)
Lease Liabilities	(170,817)	(51,245)	(148,479)	(23,367)
Right of Use Assets	93,323	27,997	72,734	12,471
Right to recover returned goods	11,560	3,468	13,607	3,209
Refund liability	(22,557)	(6,767)	(23,480)	(5,522)
	3,120,266	936,080	3,580,562	666,770
Deferred Tax Asset				
Property, Plant and Equipment	(13,040)	(3,912)	(12,217)	(2,932)
Retirement Benefit Obligations	245,173	73,552	187,002	44,880
Impairment of debtors and amounts due from related companies	187,753	56,326	156,574	37,630
Other Financial Assets measured at Fair Value Through OCI	(665,073)	(199,522)	-	-
Tax Loss Carried Forward	40,613	12,184	169,680	40,723
Finance Cost Carried Forward	206,960	62,088	223,456	53,629
Inventories	59,080	17,724	68,317	16,396
Impairment of Financial Assets	77,860	23,358	40,500	9,720
Right of Use Assets	(71,227)	(21,368)	(55,968)	(13,432)
Lease Liabilities	88,737	26,621	70,175	16,842
Right to recover returned goods	(195,353)	(58,606)	(123,957)	(29,750)
Refund liability	251,430	75,429	151,979	36,475
	212,913	63,874	875,541	210,181

COMPANY

	31.03.2023		31.03.2022	
	Temporary Difference Rs. '000	Tax Effect Rs. '000	Temporary Difference Rs. '000	Tax Effect Rs. '000
Deferred Tax Liability				
Property, Plant and Equipment	560,233	168,070	568,179	102,272
Retirement Benefit Obligations	(758,182)	(227,454)	(594,092)	(106,937)
Tax Loss Carried Forward	(585,803)	(175,741)	-	-
Revaluation surplus of freehold land	3,053,180	915,954	3,053,179	549,572
Other Financial Assets measured at Fair Value through OCI	114,337	34,301	-	-
Inventories	(51,150)	(15,345)	(28,098)	(5,058)
Provision for warranty	(1,447)	(434)	(1,382)	(249)
Impairment of financial assets	(101,380)	(30,414)	(65,285)	(11,751)
Lease liabilities	(47,073)	(14,122)	(291,527)	(52,475)
Right of Use Assets	-	-	251,420	45,256
Right to recover returned goods	15,613	4,684	18,142	3,266
Refund liability	(26,403)	(7,921)	(24,571)	(4,423)
	2,171,925	651,578	2,885,965	519,473

Deferred Tax is provided using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purpose and the amount used for taxation purposes. Deferred tax (asset)/liability has been computed taking into consideration the effective tax rate prevailed as at the reporting date.

25.4. Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of following:

	GROUP			
	31.03.2023		31.03.2022	
	Temporary Difference Rs. '000	Tax Effect Rs. '000	Temporary Difference Rs. '000	Tax Effect Rs. '000
Tax Losses	197,431	59,229	117,737	22,871

26. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2023 Rs. '000	31.03.2022 Rs. '000	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Present value of Defined Benefit Obligation (Note 26.1)	1,046,660	817,952	758,182	594,093
	1,046,660	817,952	758,182	594,093

26.1. Movement in the Present Value of Defined Benefit Obligations

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
At the beginning of the year	817,952	968,081	594,093	645,971
Current service cost	61,117	74,606	38,066	45,620
Past service cost	-	7,379	-	2,921
Interest cost	107,489	74,180	77,216	48,501
Remeasurement of Retirement Benefit Obligations recognised in OCI	135,658	(265,608)	108,417	(129,255)
Payments during the year	(75,556)	(40,686)	(59,610)	(19,665)
At the end of the year	1,046,660	817,952	758,182	594,093

During the financial year 2021/22, the pension arrangement was adjusted to reflect new legal requirements as per minimum retirement age of the Workers Act No. 28 of 2021 regarding the retirement age. As a result of the plan amendment, the defined benefit obligation of Group and Company increased by Rs.7.38 Mn and Rs.2.92 Mn respectively. A corresponding past service cost was recognised in profit or loss during year 2021/22.

26.2 Key Actuarial Assumptions

(a) Company

An actuarial valuation has been carried out as at 31st March 2023 by Messrs. Piyal. S. Goonathilake & Associates (Actuarial Valuer) as required by the Sri Lanka Accounting Standard LKAS 19 - 'Employee Benefits'.

The key assumptions used by the Actuary include the following:

(a) Discount Rate	20% p.a.
(b) Rate of increase of Salaries	Executive 15%
	Non Executive 15%
(c) Retirement Age	60 Years

The actuarial present value of the accrued benefits as at 31st March, 2023 is Rs.758.18 Million. This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

The weighted average duration of the defined benefit obligation is 3.3 years.

(b) Group

LKAS 19 - 'Employee Benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the obligation in order to determine the present value of the retirement benefit obligation. The key assumptions made in arriving at the retirement benefit obligation as at 31st March 2023 in respect of following companies are stated below:

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	**Liability as at 31.03.2023 Rs.'000**
E. B. Creasy & Co. PLC	15.0%	20.0%	60	758,182
Darley Butler & Company Limited	15.0%	18.0%	60	232,010
Candy Delights Limited	15.0%	18.0%	60	13,083
E. B. Creasy Logistics Limited	15.0%	18.0%	60	2,784
Laxapana Batteries PLC	15.0%	18.0%	60	5,771
Pettah Pharmacy (Pvt) Limited	15.0%	18.0%	60	10,378
Lanka Special Steels Limited	15.0%	18.0%	60	24,174
Ceyflex Rubber Limited	15.0%	20.0%	60	278

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31.03.2022 Rs.'000
E. B. Creasy & Co. PLC	10%	13.0%	60	594,093
Darley Butler & Company Limited	10%	13.0%	60	178,810
Candy Delights Limited	10%	13.0%	60	10,402
E. B. Creasy Logistics Limited	10%	13.0%	60	1,866
Laxapana Batteries PLC	10%	13.0%	60	4,777
Pettah Pharmacy (Pvt) Limited	10%	13.0%	60	8,192
Lanka Special Steels Limited	10%	13.0%	60	19,604
Ceyflex Rubber Limited	10%	13.0%	60	208

DISCOUNT RATE CHANGE

The increase in the discount rate is due to the increase in yield of the matching Government Bonds for the given duration of the liability as at the reporting date. Assumptions regarding the valuation of the retirement benefit obligation is based on published statistics.

26.3 Sensitivity Analysis

SENSITIVITY OF ASSUMPTIONS USED

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Effect on the defined benefit obligation:				
Increase by one percentage point in discount rate	(38,645)	(33,302)	(14,841)	(15,590)
Decrease by one percentage point in discount rate	36,269	33,549	16,746	17,846
Increase by one percentage point in salary increment rate	38,421	35,518	16,742	17,597
Decrease by one percentage point in salary increment rate	(34,529)	(31,669)	(15,070)	(15,654)

27. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Trade Payables	500,894	826,927	151,141	396,541
Unclaimed Dividend	25,649	5,142	21,956	1,858
Bills Payable	1,393,523	1,565,596	-	53,881
Refund Liability	273,988	175,458	26,404	24,570
Other Taxes Payable	228,187	28,777	111,290	-
Deposits from Dealers	257,004	127,883	-	-
Warranty Provision	23,010	26,011	1,446	1,382
Accrued Expenses and Other Payables	598,016	550,729	235,203	79,765
Provision for Advertising Expenses	13,823	76,263	13,823	76,263
Interest Payable	86,540	58,416	86,540	58,416
	3,400,634	3,441,202	647,803	692,676

The Group is mainly engaged in selling consumer goods through general trade and modern trade (supermarket chains) channels and also selling industrial products. The performance obligations of the entity are satisfied when the goods are delivered to the customers from its warehouse and the relevant invoices are raised.

The considerations due on account of delivered and invoiced goods are fixed and they are based on pre-agreed prices. The Group sells goods on credit, typically the credit terms are in the range of 30-60 days from the date of invoice. The credit exposures specially from the general trade distributors are partially covered by bank guarantees held in favour of the entity.

As per SLFRS 15, a refund liability has been recognised for the potential liability arises when the goods are returned by the customers mainly on the grounds of damages. Any goods returned on the basis of product defects are usually claimed from the principals in case the entity acts as the authorised distributor.

Following assumptions and inputs were used in estimating the refund liability as at the reporting date:

- Closing refund liability was estimated based on the average sales returns for the last 3 years.
- When determining the cost of the returns, the profit margins applicable to different products have been used as a reliable estimate.

28. AMOUNTS DUE TO RELATED COMPANIES

	Relationship	GROUP		COMPANY	
		31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
		Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	49,283	42,186
The Colombo Fort Land & Building PLC	Parent	-	38,159	-	38,159
Lanka Special Steels Limited	Subsidiary	-	-	-	5,251
Laxapana Batteries PLC	Subsidiary	-	-	21,144	293,348
Lankem Ceylon PLC	Group Company	1,889	48,690	1,205	48,539
Marawila Resorts PLC	Group Company	189	1,280	-	-
E. B. Creasy Ceylon (Pvt) Ltd	Subsidiary	-	-	1,187	-
Ceytra Limited	Group Company	2	2	-	-
		2,080	88,131	72,819	427,483

The Company has not provided any guarantees against above related party payables. Above related party transactions were carried out on terms equivalent to those that prevail in arm's length basis.

29. FINANCIAL INSTRUMENTS

29.1. Financial Instruments - Statement of Financial Position

The Financial Instruments recognised in the Statement of Financial Position are as follows:

	Note	GROUP		COMPANY	
		31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
		Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Financial Assets					
Investments Classified as Fair Value through OCI					
Quoted Investments	16.3	1,158,094	504,839	1,029,787	363,541
Unquoted Investments	16.3	1,093,116	644,722	247,534	133,104
Total		2,251,210	1,149,561	1,277,321	496,645
Current Assets					
Trade & Other Receivables	19	3,215,973	3,037,032	53,999	105,159
Loans Due from Related Parties	16.4.2	74,250	208,173	51,700	158,673
Other Financial Assets measured at Fair Value through Profit or Loss	16.5	98,533	-	-	-
Amounts due from Related Companies	18	237,052	68,276	1,023,656	1,988,759
Total		3,625,808	3,313,481	1,129,355	2,252,591
Cash and Cash Equivalents	20.1	952,918	1,674,251	235,916	584,125
Total Financial Assets		6,829,936	6,137,293	2,642,592	3,333,361

	Note	GROUP		COMPANY	
		31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
		Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Financial Liabilities					
Non-Current Liabilities					
Interest-Bearing Borrowings and Lease Liabilities	23.1/23.4	1,899,443	1,582,512	1,511,074	1,501,347
Current Liabilities					
Interest-Bearing Borrowings and Lease Liabilities	23.2/23.4	4,657,939	3,877,853	2,711,459	2,870,465
Trade & Other Payables*	27	2,277,433	2,660,227	273,460	586,959
Amounts due to Related Companies	28	2,080	88,131	72,819	427,483
Bank Overdrafts	20.2	1,044,080	640,856	443,597	362,591
Total Financial Liabilities		9,880,975	8,849,579	5,012,409	5,748,845

**Refund liability, accrued expenses and other payables, other taxes payables and warranty provision are excluded.*

29.2. Financial Risk Management

The Group has exposure to the following risks from its use of Financial Instruments.

1. Credit Risk
2. Liquidity Risk
3. Market Risk (including currency risk and interest rate risk)

This note represents qualitative and quantitative information about the Groups' exposure to each of the above risks, the Group's objectives, policies and procedure for measuring and managing risk.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has the overall responsibility for establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit Department. Internal Audit Department undertakes both regular and ad-hoc reviews of risk management controls and procedures, the findings of which are reported to the Audit Committee.

29.2.1. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties and investments.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets recognised in Profit or Loss and Other Comprehensive Income were as follows;

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Impairment loss/(reversals) on trade receivables and related party receivables	62,957	6,908	30,121	(19,089)
Impairment loss/(reversals) on debt securities at amortised cost	(16,077)	(166)	5,973	30,659
	46,880	6,742	36,094	11,570

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows;

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance at the beginning	166,822	142,795	14,728	12,583
Net remeasurement of loss allowance	50,355	24,027	14,839	2,145
Balance at the end	217,177	166,822	29,567	14,728

The movement in the allowance for impairment in respect of amounts due from related parties during the year was as follows;

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance at the beginning	48,756	65,875	14,231	35,465
Net remeasurement of loss allowance	12,602	(17,119)	15,282	(21,234)
Balance at the end	61,358	48,756	29,513	14,231

FINANCIAL ASSETS

The exposure to credit risk for financial assets at amortised cost, and FVOCI as at the reporting date was as follows;

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Financial assets at Fair value through Other Comprehensive Income	2,251,210	1,149,561	1,277,321	496,645
Financial assets at Fair value through Profit or Loss - Treasury Bond	98,533	-	-	-
Financial assets at Amortised Cost - Loans Due from Related Parties	74,250	208,173	51,700	158,673
Total	2,423,993	1,357,734	1,329,021	655,318

The movement in the allowance for impairment for debt securities at amortised cost during the year was as follows;

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance at the beginning	76,827	76,993	36,327	5,668
Net remeasurement of loss allowance	(16,077)	(166)	5,973	30,659
Balance at the end	60,750	76,827	42,300	36,327

The movement in the allowance for impairment for debt securities at Fair Value through Other Comprehensive Income during the year was as follows;

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Balance at the beginning	10,641	10,641	-	-
Net remeasurement of loss allowance	(9,540)	-	-	-
Balance at the end	1,101	10,641	-	-

The following table provides information about the exposure to credit risk and ECLs for Trade Receivables.

	GROUP			
	31.03.2023		31.03.2022	
	Trade Receivables Rs. '000	**Provision for Impairment Rs. '000**	Trade Receivables Rs. '000	Provision for Impairment Rs. '000
1-90 days past due	2,649,060	52,630	2,304,280	17,415
91-180 days past due	106,020	12,767	287,901	8,580
181-365 days past due	135,404	51,356	143,007	57,858
More than 365 days past due	151,622	80,655	147,082	82,930
Total	3,042,106	197,408	2,882,270	166,783

	COMPANY			
	31.03.2023		31.03.2022	
	Trade Receivables Rs. '000	**Provision for Impairment Rs. '000**	Trade Receivables Rs. '000	Provision for Impairment Rs. '000
1-90 days past due	23,606	5,200	65,622	1,039
91-180 days past due	-	-	494	40
181-365 days past due	7,335	960	23,007	5,116
More than 365 days past due	2,229	2,229	2,697	2,697
Total	33,170	8,389	91,820	8,892

CASH AND CASH EQUIVALENTS

The Group held cash and cash equivalents of Rs. 952.92 Million as at 31 March 2023 (2022 - Rs.1,674.25 Million) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which the group cash balances were held are as follows;

Hatton National Bank PLC - A(lka)

Standard Chartered Bank – AAA(lka)

Commercial Bank of Ceylon PLC – A(lka)

Bank of Ceylon – CC(lka)

National Development Bank PLC – A-(lka)

Pan Asia Banking Corporation PLC – BBB- (lka)

Union Bank of Colombo PLC - BBB- (lka)

People's Bank – A(lka)

Seylan Bank PLC - A-(lka)

Sampath Bank PLC – A(lka)

Nations Trust Bank PLC – A-(lka)

DFCC Bank PLC – A-(lka)

Amana Bank PLC – BB+(lka)

Cargills Bank Limited – A(lka)

Sanasa Development Bank PLC – BB+(lka)

29.2.2. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities that are to be settled by cash or another financial asset.

The following are the contractual maturities of financial liabilities, excluding of netting agreements.

	GROUP							
	31.03.2023				31.03.2022			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Interest-Bearing Loans and Borrowings and Lease Liabilities	6,557,382	6,557,382	4,657,939	1,899,443	5,460,365	5,460,365	3,877,853	1,582,512
Amounts Due to Related Companies	2,080	2,080	2,080	-	88,131	88,131	88,131	-
Other Financial Liabilities / Trade & Other Payables	2,277,433	2,277,433	2,277,433	-	2,660,227	2,660,227	2,660,227	-
Bank Overdrafts	1,044,080	1,044,080	1,044,080	-	640,856	640,856	640,856	-
Total	9,880,975	9,880,975	7,981,532	1,899,443	8,849,579	8,849,579	7,267,067	1,582,512

	COMPANY							
	31.03.2023				31.03.2022			
	Carrying Amount	**Contractual Cash Flows**	**Less than one Year**	**More than one Year**	Carrying Amount	Contractual Cash Flows	Less than one Year	More than one Year
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest-Bearing Loans and Borrowings and Lease Liabilities	4,222,533	4,222,533	2,711,459	1,511,074	4,371,812	4,371,812	2,870,465	1,501,347
Amounts Due to Related Companies	72,819	72,819	72,819	-	427,483	427,483	427,483	-
Other Financial Liabilities / Trade & Other Payables	273,460	273,460	273,460	-	586,959	586,959	586,959	-
Bank Overdrafts	443,597	443,597	443,597	-	362,591	362,591	362,591	-
Total	5,012,409	5,012,409	3,501,335	1,511,074	5,748,845	5,748,845	4,247,498	1,501,347

29.2.3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. which will affect the Group's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

29.2.3.1. Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency which is the Sri Lankan Rupee.

SENSITIVITY ANALYSIS

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the USD would have increased/(decreased) profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. However the Group minimises its impact on profit before tax due to adverse changes in exchange rate by appropriate price adjustments to its goods and services.

	GROUP	
	EFFECT ON PROFIT BEFORE TAX	
For the year ended 31st March	**2023**	2022
	Rs.'000	Rs.'000
+10%	(88,830)	(229,124)
-10%	88,830	229,124

The summarised quantitative data about the Group's exposure to currency risk as at the reporting date are as follows:

	GROUP	
	31.03.2023	31.03.2022
	USD	USD
Foreign Debtors	963,809	695,660
Foreign Creditors	(2,714,844)	(7,663,024)
Net Statement of Financial Position Exposure	(1,751,035)	(6,967,364)

	COMPANY	
	31.03.2023	31.03.2022
	USD	USD
Foreign Debtors	10,997	18,597
Foreign Creditors	(255,610)	(3,747,589)
Net Statement of Financial Position Exposure	(244,613)	(3,728,992)

29.2.3.2. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations and investments with floating interest rates.

The following table demonstrates the Group's sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax:

	GROUP	
	EFFECT ON PROFIT BEFORE TAX	
For the year ended 31st March	**2023**	2022
	Rs.'000	Rs.'000
Variable rate instruments (10% decrease)	162,466	53,037
Variable rate instruments (10% Increase)	(162,466)	(53,037)

The break down of fixed rate of interest and variable rate of interest bearing term loans as at the reporting date is as follows.

	GROUP		COMPANY	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
	Rs. Mn	Rs. Mn	**Rs. Mn**	Rs. Mn
Fixed interest bearing Loans	527.12	114.21	160.17	2.75
Variable interest bearing Loans	1,573.76	1,583.84	1,282.12	1,484.42
Total	2,100.88	1,698.05	1,442.29	1,487.17

29.2.4. Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth of the business. Management monitors the return on capital employed, gearing and financial distress levels, as well as the level of dividends to ordinary shareholders to strike an acceptable balance.

	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Long-term Loans and Lease Liabilities (Note 23.1/23.4)	2,375,147	1,937,054
Equity	6,807,562	5,310,345
Total Capital Employed	9,182,709	7,247,399
Debt to Equity	35%	36%
Debt to Capital Employed	26%	27%

30. RELATED PARTY TRANSACTIONS

30.(a). Parent and Ultimate Controlling Party

The Company's Parent Company is The Colombo Fort Land & Building PLC.

30.(b).i. Details of Significant Related Party Transactions are Given Below:

	TRANSACTIONS WITH GROUP		TRANSACTIONS WITH COMPANY	
For the year ended 31st March	**2023 Rs. '000**	2022 Rs. '000	**2023 Rs. '000**	2022 Rs. '000
Transactions with Subsidiary Companies Listed in Note 16.1				
Sales of Goods	-	-	9,214,066	6,001,546
Fund Transfers and Settlements	-	-	10,952,509	6,441,682
Incurred Reimbursable Expenses	-	-	1,090,292	820,993
Service Charges	-	-	34,393	23,674
Guarantee Commission Income on Corporate Guarantees	-	-	19,551	15,898
Interest Charge	-	-	9,037	17,214
Purchases	-	-	374	1,430
Rent Income	-	-	1,781	1,701
Rent Expense	-	-	106,544	52,742
Loans Granted during the Year	-	-	78,000	50,000
Loans obtained during the Year	-	-	-	310,000
Transactions with The Colombo Fort Land and Building PLC (Ultimate Parent Company)				
Interest Income	-	3,374	-	3,374
Settlements of Loans, Current Account & Expenses	38,159	106,108	38,159	106,108
Loans Granted During the Year	-	96,734	-	96,734
Transactions with Other Related Companies				
Sales of Goods	-	215	-	215
Interest on Loans	-	18,172	-	18,172
Incurred Reimbursable of Expenses	-	2,626	-	2,626
Fund Transfers during the year	114,602	101,763	114,602	101,763
Loans Granted during the Year	128,000	150,000	128,000	150,000

30.(b).ii. Related Party Transactions Disclosure

RECURRENT TRANSACTIONS

The recurrent related party transactions entered into, for which the value exceeded 10% of Group revenue, during the financial year ended 31st March 2023 are detailed below;

Name of Related Party	Relationship	Nature of the Transaction	Aggregate Value of Related Party Transactions entered into during the financial year Rs. Rs. '000	Aggregate Value of Related Party Transactions as a % of Group Revenue	Terms and Conditions of Related Party Transactions
Darley Butler & Company Limited	Subsidiary	Sale of Goods (without turnover related taxes)	7,702,084	33%	Credit sales on pre-agreed prices
		Settlements	10,474,084	45%	Settlement of trade dues

NON-RECURRENT TRANSACTIONS

The non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2023, the value of which exceeded 10% of shareholders' equity or 5% of total assets of the Group are detailed below.

Name of Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year Rs. Rs. '000	Value of the Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of Related Party Transactions	The Rationale for entering into the transactions
Darley Butler & Company Limited	Subsidiary	1,000,000	15.33% of Total Equity 4.99% of Total Assets	A Corporate Guarantee executed for Rs. 1,000 Mn in favour of Amana Bank PLC on behalf of Darley Butler & Co. Ltd	Granting a Corporate Guarantee for an interchangeable banking facility offered by Amana Bank PLC for both E. B. Creasy & Co. PLC and Darley Butler & Co. Ltd.

30.(c). The Directors of the Company are also Directors of the following companies

	A. Rajaratnam (Deceased - 26.08.2023)	S.D.R. Arudpragasam	R.N. Bopearatchy	S. Rajaratnam	R.C.A. Welikala	P.M.A. Sirimane	A.R. Rasiah	S.N.P. Palihena	A.M. Mubarak	A.M. de S. Jayaratne	R. Seevaratnam (Deceased - 19.01.2023)	S.W. Gunawardena
ACME Printing & Packaging PLC		√				√					√	
Ceyflex Rubber Limited		√	√	√	√	√			√			√
Corporate Systems Limited		√	√	√	√							√
Filmpak Limited		√	√	√	√							
E. B. Creasy Logistics Limited		√	√	√	√	√						√
Muller & Phipps (Ceylon) PLC		√	√	√	√	√	√	√	√			√
Pettah Pharmacy (Pvt) Limited		√	√	√	√	√	√	√	√			√
Darley Butler & Co. Limited		√	√	√	√	√	√	√	√	√	√	√
Candy Delights Limited		√	√	√	√	√	√	√	√	√	√	√
E. B. Creasy Ceylon (Private) Limited		√	√	√	√	√						√
Group Three Associates (Pvt) Limited		√	√	√	√							√
Lanka Special Steels Limited		√	√	√	√	√						√
Laxapana Batteries PLC		√	√	√	√	√	√	√	√			√
Lankem Ceylon PLC		√				√			√		√	
Lankem Developments PLC		√	√			√		√		√		
Lankem Paints Limited		√	√									
Lankem Consumer Products Limited		√	√									
Lankem Chemicals Limited		√	√									
Lankem Exports (Pvt) Limited		√										
Lankem Plantation Services Limited	√	√										
SunAgro LifeScience Limited		√	√			√			√			
SunAgro Farms Limited		√	√									
JF Ventures Ltd (Formerly SunAgro Foods Limited)		√	√			√			√			
Lankem Technology Services Limited		√	√									
Lankem Research Limited		√	√									
Associated Farms (Pvt) Limited		√										
B.O.T Hotel Services (Pvt) Limited		√		√						√		
Galle Fort Hotel (Pvt) Limited		√		√								
Colombo Fort Hotels Limited		√		√								
Lak Kraft (Pvt) Limited		√		√								
Sherwood Holidays Limited		√		√								
Sigiriya Village Hotels PLC		√		√			√					
Marawila Resorts PLC		√		√			√					
Beruwala Resorts PLC		√		√			√					
Imperial Hotels Limited		√		√								
Consolidated Tea Plantations Limited	√	√				√				√		
Creasy Plantation Management Limited	√	√										
Lankem Tea & Rubber Plantations (Pvt) Limited	√	√				√				√		
Kotagala Plantations PLC		√				√				√		
Agarapatana Plantations Limited		√				√				√		
Waverly Power (Pvt) Limited		√		√		√				√		

NOTES TO THE FINANCIAL STATEMENTS

	A. Rajaratnam (Deceased - 26.08.2023)	S.D.R. Arudpragasam	R.N. Bopearatchy	S. Rajaratnam	R.C.A. Welikala	P.M.A. Sirimane	A.R. Rasiah	S.N.P. Palihena	A.M. Mubarak	A.M. de S. Jayaratne	R. Seevaratnam (Deceased - 19.01.2023)	S.W. Gunawardena
Union Commodities (Pvt) Limited		√				√				√		
C. W. Mackie PLC		√		√						√		
The Colombo Fort Land & Building PLC	√	√		√		√	√			√	√	
Colombo Fort Group Services (Pvt) Limited		√				√						

- SunAgro Foods Limited changed its name to JF Ventures Ltd w.e.f. 03.10.2022.
- Mr. P.M.A. Sirimane was appointed to the Boards of Agarapatana Plantations Ltd and Kotagala Plantations PLC w.e.f. 20.09.2022. He was also appointed to the Boards of Consolidated Tea Plantations Ltd, Lankem Tea and Rubber Plantations (Pvt) Ltd, Waverly Power (Pvt) Ltd and Union Commodities (Pvt) Ltd w.e.f. 01.12.2022.
- Mr. A.M. de S. Jayaratne was appointed to the Board of Agarapatana Plantations Ltd on 18.11.2022 and to the Boards of Lankem Developments PLC, Lankem Tea and Rubber Plantations (Pvt) Ltd, Waverly Power (Pvt) Ltd, Union Commodities (Pvt) Ltd w.e.f. 08.12.2022.
- Mr. A.R. Rasiah was appointed to the Board of The Colombo Fort Land & Building PLC w.e.f. 08.06.2023.
- Mr. R.N. Bopearatchy resigned from the Board of J F Ventures Ltd (formerly SunAgro Foods Limited) w.e.f. 31.07.2023.
- Mr. P.M.A. Sirimane and Dr. A.M. Mubarak were appointed to the Board of SunAgro LifeScience Ltd w.e.f. 02.08.2023. The said Directors were also appointed to the Board of J F Ventures Ltd (formerly SunAgro Foods Limited) w.e.f. 10.08.2023.
- Mr. S.D.R. Arudpragasam and Mr. S. Rajaratnam resigned from the Board of Lak Kraft (Pvt) Limited w.e.f. 14.08.2023.
- Mr. R. Seevaratnam expired on 19.01.2023.
- Mr. A. Rajaratnam expired on 26.08.2023.

The above Notes should be read in conjunction with Note 16, 18, 28 and 30 to the Financial Statement.

30.(d). Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS - 24 - 'Related Party Disclosures', Key Management Personnel are those having the responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Company/Group.

COMPANY

(i) Loans to the Directors

No Loans have been granted to the Directors of the Company.

(ii) Compensation Paid to Key Management Personnel

For the year ended 31st March	**2023 Rs. '000**	2022 Rs. '000
Short term Employee Benefits	512,971	366,750
Post Employment Benefits Paid to Key Management Personnel	26,000	-

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 30.(d) to these Financial Statements.

GROUP

(i) Loans to the Directors

No loans have been granted to the Directors of the Group.

(ii) Compensation paid to Key Management Personnel

For the year ended 31st March	2023 Rs. '000	2022 Rs. '000
Short term Employee Benefits	552,464	397,774
Post Employment Benefits Paid to Key Management Personnel	26,000	-

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 30.(d) to these Financial Statements.

31. OPERATING SEGMENTS

For the year ended 31st March	TRADING CONSUMER PRODUCTS		TRADING INDUSTRIAL PRODUCTS		OTHERS		TOTAL	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
External Revenue	19,653,548	12,971,560	3,116,668	4,260,317	572,213	277,038	23,342,429	17,508,915
Inter Segment Revenue	9,769,916	6,325,252	-	-	107,739	94,227	9,877,655	6,419,479
Total Revenue for Reportable Segments	29,423,464	19,296,812	3,116,668	4,260,317	679,952	371,265	33,220,084	23,928,394
Interest Income	201,784	102,399	6,574	10,352	-	-	208,358	112,751
Interest Expenses	1,994,176	816,990	117,183	71,445	-	-	2,111,359	888,435
Depreciation and Amortisation	255,916	215,858	33,144	30,745	16,633	21,262	305,693	267,865
Profit before Income Tax	1,554,497	781,740	114,281	248,439	131,261	7,462	1,800,039	1,037,641
Total Assets	17,102,435	14,702,333	2,757,868	1,450,260	385,298	366,739	20,245,601	16,519,332
Total Liabilities	11,058,938	9,975,235	2,132,020	880,929	247,081	352,823	13,438,039	11,208,987
Capital Expenditure	591,565	935,123	1,218,432	146,778	23,296	16,273	1,833,293	1,098,174

31.1. Segments

Segmentation has been determined based on the operating activities of the company or the sector, where multiple activities fall within one company or sector has been based on the core activities of that particular sector.

Trading Consumer Products - Manufacturing, Selling and Distribution of Consumer Products

Trading Industrial Products - Manufacturing, Selling and Distribution of Industrial Products

Others - Special Projects and Other Services

31.2. Reconciliation of Reportable Segment Revenue, Profit or Loss, Assets and Liabilities and Other Material Items

REVENUE

For the year ended 31st March	**2023 Rs. '000**	2022 Rs. '000
Total revenue for reportable segments	33,233,306	23,928,394
Elimination of Inter Segment revenue	(9,890,877)	(6,419,479)
Consolidated revenue	23,342,429	17,508,915

PROFIT/(LOSS) BEFORE TAX

For the year ended 31st March	**2023 Rs. '000**	2022 Rs. '000
Total Profit/(Loss) before Tax for reportable segments	1,800,039	1,037,641

ASSETS

	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Total assets for reportable segments	20,245,601	16,519,332
	20,245,601	16,519,332

LIABILITIES

	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Total Liabilities for reportable segments	13,438,039	11,208,987

OTHER MATERIAL ITEMS

For the year ended 31st March	**2023 Rs. '000**	2022 Rs. '000
Interest Income	208,358	112,751
Interest Expenses	2,111,359	888,435
Capital expenditure	1,833,293	1,098,174
Depreciation and amortization	305,693	267,865

32. CAPITAL EXPENDITURE AND COMMITMENTS

32.1. Company

The Company had no material capital or financial commitments as at the date of the Statement of Financial Position.

32.2. Group

There were no material capital or financial commitments as at the date of the Statement of Financial Position.

33. CONTINGENT LIABILITIES

33.1. Company

There were no material contingent liabilities outstanding as at the date of the Statement of Financial Position, other than those disclosed below.

Contingent liabilities in relation to guarantees issued by E. B. Creasy & Co. PLC to financial institutions on behalf of its Subsidiaries and other Group Companies to obtain facilities from Financial Institutions, were as follows:

	31.03.2023 Rs. '000	31.03.2022 Rs. '000
Darley Butler & Co. Limited	970,000	770,000
Ceyflex Rubber Limited	-	64,353
Lankem Ceylon PLC	1,147,000	832,000
	2,117,000	1,666,353

Cross Corporate Guarantees were executed by both E. B. Creasy & Co. PLC and Darley Butler & Co. Limited in mutual favour for a value of Rs.1,000 Million for interchangeable banking facilities offered by Amana Bank PLC.

E. B. Creasy & Co. PLC has given a bank guarantee from Seylan Bank PLC for a value of Rs. 21,359,031/- to Sri Lanka Customs against a concern raised over an import consignment. The said bank guarantee expires on 29th December 2023.

33.2. Group

33.2.1. Lanka Special Steels Limited

Lanka Special Steels Limited has given a guarantee of Rs. 15,500,000/- to Sri Lanka Customs and USD 10,000/- to Bureau of Indian Standards, which were outstanding as at 31st March 2023.

34. EVENTS OCCURRING AFTER THE REPORTING DATE

Cross Corporate Guarantees were executed by both E. B. Creasy & Co. PLC and Darley Butler & Co. Limited in mutual favour on 8th May 2023 (effective from 30.03.2023) for a value of Rs.1,000 Million for interchangeable banking facilities offered by Amana Bank PLC. As such, both E. B. Creasy & Co. PLC and Darley Butler & Co. Limited are eligible to use the said banking facilities for their respective working capital requirements interchangeably.

Subsequent to the reporting period, no circumstances have arisen that would require adjustments to, or disclosure in the Financial Statements other than the disclosed above.

35. ECONOMIC OUTLOOK AND THE BUSINESS IMPACT

In 2022, Sri Lanka faced a severe economic downturn due to both domestic and global challenges, as well as a currency crisis within the country. The economy contracted by 7.8 percent, the largest decline since independence, driven by a twin deficit, dwindling foreign exchange reserves, and high inflation caused by excessive money printing. Businesses heavily reliant on imports faced additional difficulties due to import bans and scarcity of products. The country's agricultural policy, which banned inorganic fertilizers, also contributed to the economic collapse. Fuel shortages and an energy crisis further exacerbated the challenges for businesses. Key fiscal policy measures implemented during this period include revisions to the Ports and Airports Development Levy (PAL) for imported items, reintroduction of a mandatory advance payment of income tax (APIT) system with higher tax rates, an increase in the standard income tax rate, higher exemptions and concessionary tax rates for specific gains and industries, an increase in capital gains tax (CGT), and the introduction of a social security contribution levy (SSCL) for companies with high annual revenue and imports. Additionally, there were increases in value-added tax (VAT) and excise duties on cigarettes, alcoholic beverages, and petroleum products. Recovery measures, including elevated policy rates and fiscal consolidation, were implemented with the support of the International Monetary Fund (IMF). By the second quarter of 2023, stability had largely been restored, and the outlook for the remainder of the year is positive.

NOTES TO THE FINANCIAL STATEMENTS

36. GOING CONCERN – GROUP COMPANY

Pettah Pharmacy (Pvt) Limited (PPL), a subsidiary of the Group, has reported a Net Loss of Rs. 119.2 Mn for the year ended 31st March 2023 (2021/22 – Net Loss of Rs. 45.7 Mn). As of 31st March 2023, the accumulated loss of PPL stood at Rs. 222.4 Mn (2022 - Rs. 103.1 Mn), resulting a decrease in Net Assets to Negative Rs. 212.6 Mn.

PPL is exposed to foreign currency exposure, which has significantly eroded its equity. Thus, the Group has implemented strategic initiatives in PPL to recoup its losses. These include financial reorganization with the view to improving its liquidity position, infuse additional funding and increase profitability through cost reduction measures, reduction in finance cost and appropriate price revisions. As such, it is expected that PPL will generate considerable profits for the ensuing financial years to recoup its accumulated losses.

The Directors are of the opinion that PPL will be able to continue as a going concern consequent to the proposed restructuring plans and strategic initiatives to increase its profitability for FY 2023-24. The strategic plans include an agreed reimbursement by Janssens India of exchange losses incurred by the subsidiary. It is further planned to partially convert payable balances due to group companies into equity and long-term loans to strengthen the liquidity and the net asset position of PPL subject to required approvals. Accordingly, the Directors are of the view that the financial standing of Pettah Pharmacy (Pvt) Limited will be improved by the end of the financial year 2023-24.

37. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I : Quoted market price (unadjusted) in an active market for an identical instrument.

Level II : Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecasted EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Forecasted EBITDA margin 15% (2022:15%) Risk-adjusted discount rate 24% - 27% (2022: 15%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower); or the risk-adjusted discount rate was lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Equity Securities	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.	Forecasted EBITDA margin 15% - 20% (2022:15%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Corporate debt Securities	Market comparison/discounted cash flows: The fair value is estimated considering (i) current or recent quoted prices for identical securities in the markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by a liquidity factor	Not applicable.	Not applicable.

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

GROUP

	LEVEL I		LEVEL II		LEVEL III		TOTAL	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	**31.03.2023 Rs.'000**	31.03.2022 Rs.'000	**31.03.2023 Rs.'000**	31.03.2022 Rs.'000	**31.03.2023 Rs.'000**	31.03.2022 Rs.'000
Other Financial Assets measured at Fair Value through OCI	1,158,094	504,839	12,967	14,713	1,080,149	630,009	2,251,210	1,149,561
Other Financial Assets measured at Fair Value through Profit or Loss	-	-	-	-	98,533	-	98,533	-
Total	1,158,094	504,839	12,967	14,713	1,178,682	630,009	2,349,743	1,149,561

FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

COMPANY

	LEVEL I		LEVEL II		LEVEL III		TOTAL	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	**31.03.2023 Rs.'000**	31.03.2022 Rs.'000	**31.03.2023 Rs.'000**	31.03.2022 Rs.'000	**31.03.2023 Rs.'000**	31.03.2022 Rs.'000
Other Financial Assets measured at Fair Value through OCI	1,029,787	363,541	-	-	247,534	133,104	1,277,321	496,645
Total	1,029,787	363,541	-	-	247,534	133,104	1,277,321	496,645

SHARE INFORMATION

1. MARKET VALUE

The market prices of the Company's Ordinary Share were as follows;

	2023 (Rs.)	2022 (Rs.)
Highest	26.90	36.30
Lowest	12.60	16.30
Market value as at the year end	20.10	16.90

2. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2023 was 25.51%. (31st March 2022 - 25.60%)

The applicable option under CSE Rule 7.14.1(i) (a) on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31st March 2023 was Rs.1,300,058,624.95.

Public Shareholders

The number of Public Shareholders as at 31st March 2023 were 1,686 (31st March 2022 - 1,647).

3. DISTRIBUTION OF ORDINARY SHARES

	31st March 2023			31st March 2022		
No. of Shares Held	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
1 - 1,000	886	270,190	0.11	859	281,973	0.11
1,001 - 10,000	543	2,293,890	0.90	543	2,255,958	0.89
10,001 - 100,000	240	6,315,986	2.49	227	5,759,012	2.27
100,001 - 1,000,000	24	6,072,437	2.40	25	6,105,601	2.41
Over 1,000,000	9	238,593,297	94.10	9	239,143,256	94.32
	1,702	253,545,800	100.00	1,663	253,545,800	100.00

Categories of Shareholders

	31st March 2023			31st March 2022		
	No. of Shareholders	Total Holdings	% of Total Shares	No. of Shareholders	Total Holdings	% of Total Shares
Individuals	1,601	19,880,569	7.84	1,566	20,127,866	7.94
Institutions	101	233,665,231	92.16	97	233,417,934	92.06
	1,702	253,545,800	100.00	1,663	253,545,800	100.00

20 Major Shareholders

Position	Name	31.03.2023 No. of Shares	31.03.2023 %	31.03.2022 No. of Shares	31.03.2022 %
1	THE COLOMBO FORT LAND AND BUILDING PLC	134,319,915	52.98	134,319,500	52.98
2	SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	41,016,422	16.18	40,945,296	16.15
3	UNION INVESTMENTS (PRIVATE) LTD	16,770,000	6.61	16,770,000	6.61
4	COLOMBO FORT INVESTMENTS PLC	15,929,000	6.28	15,912,000	6.28
5	COLOMBO INVESTMENT TRUST PLC	10,560,000	4.16	10,551,060	4.16
6	C M HOLDINGS PLC	10,000,000	3.94	10,000,000	3.94
7	MISS MEENAMBIGAI PRIYADARSHINI RADHAKRISHNAN	3,548,500	1.40	3,548,500	1.40
8	MISS ANDAL RADHAKRISHNAN	3,548,400	1.40	3,548,400	1.40
9	MR. RADHAKRISHNAN MAHESWARAN	2,901,060	1.14	3,548,500	1.40
10	TRANZ DOMINION,L.L.C.	700,100	0.28	700,100	0.28
11	PHOTOKINA LTD	680,400	0.27	680,400	0.27
12	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	500,000	0.20	500,000	0.20
13	SISIRA INVESTORS LIMITED.	413,684	0.16	413,684	0.16
14	SAMPATH BANK PLC/ DR.T.SENTHILVERL	410,000	0.16	410,000	0.16
15	MR. MOHAMED HUSSAIN MOHAMMED SANOON	400,000	0.16	400,000	0.16
16	THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	282,800	0.11	282,800	0.11
17	CONSOLIDATED HOLDINGS (PRIVATE) LIMITED	259,600	0.10	259,600	0.10
18	MR. UDAYATHILAKA INDRAPALA SURIYABANDARA	209,423	0.08	189,489	0.07
19	MRS. DARMINEE RAJARATNAM	200,000	0.08	120,000	0.05
20	DR. HETTIARACHCHIGE WALTER ELLIOT TISSERA	188,700	0.07	188,700	0.07
		242,838,004	95.76	243,288,029	95.95

GROUP FINANCIAL SUMMARY

	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000 Restated	2016/17 Rs. '000 Restated	2017/18 Rs. '000	2018/19 Rs. '000 Restated	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000	**2022/23 Rs. '000**
Trading Results										
Revenue	20,477,356	20,386,004	24,924,382	26,346,879	15,486,226	10,793,779	11,186,301	13,766,848	17,508,915	23,342,429
Profit/(Loss) before Tax	182,043	255,456	452,664	(301,647)	88,372	(829,386)	(366,910)	831,876	1,037,641	1,800,039
Income Tax (Expense)/Reversals	(162,248)	(212,297)	(209,780)	(162,247)	(90,887)	86,966	(57,598)	(248,248)	(299,530)	(290,032)
Profit/(Loss) for the Year	19,795	43,159	242,884	(463,894)	(642,921)	(742,420)	(424,508)	583,628	738,111	1,510,007
Total Comprehensive Income attributable to Non-controlling Interest	(18,073)	(45,941)	129,821	(275,231)	(244,096)	98,709	(27,400)	76,328	26,253	(15,638)
Total Comprehensive Income attributable to Equity Holders of the Parent	37,868	89,100	113,063	(188,663)	(512,060)	1,829,522	(368,817)	753,801	1,195,691	1,808,427
Property, Plant & Equipment	6,863,311	8,285,179	8,344,246	8,331,782	2,267,741	5,064,111	4,976,294	5,043,655	6,288,800	7,865,076
Investments	640,012	536,601	514,319	544,274	482,258	596,937	577,756	558,120	1,149,561	2,251,210
Intangible Assets	441,206	594,108	623,848	694,396	247,918	229,351	272,448	240,233	208,080	196,334
Investment in Associate	646,521	420,499	315,163	279,056	540,159	768,638	465,289	198,333	-	-
Other Non-Current Assets	199,672	138,312	342,512	423,006	353,654	340,310	554,264	500,059	361,471	245,289
Net Current Assets/(Liabilities)	76,355	(1,009,914)	(1,133,153)	(1,148,749)	(99,087)	(716,889)	(892,074)	(157,746)	373,675	135,584
	8,867,077	8,964,785	9,006,935	9,123,765	3,792,643	6,282,458	5,953,977	6,382,654	8,381,587	10,693,493
Equity										
Stated Capital	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731
Reserves	148,394	148,394	148,394	148,394	9,548	2,632,243	2,639,586	2,975,281	2,636,782	2,239,508
Retained Earnings	3,040,809	2,807,692	2,889,054	2,456,197	2,325,961	1,306,736	826,010	1,153,818	2,307,663	4,259,818
Non-controlling Interest	3,388,168	3,196,767	3,272,389	2,635,145	176,990	279,133	247,012	350,616	340,169	282,505
	6,603,102	6,178,584	6,335,568	5,265,467	2,538,230	4,243,843	3,738,339	4,505,446	5,310,345	6,807,562
Long-Term Liabilities	1,608,661	2,134,221	1,811,521	2,964,046	1,079,746	1,103,588	1,272,579	1,300,850	2,400,464	2,946,103
Deferred Liabilities	655,314	651,980	859,846	894,252	174,667	935,027	943,059	576,358	670,778	939,828
	2,263,975	2,786,201	2,671,367	3,858,298	1,254,413	2,038,615	2,215,638	1,877,208	3,071,242	3,885,931
	8,867,077	8,964,785	9,006,935	9,123,765	3,792,643	6,282,458	5,953,977	6,382,654	8,381,587	10,693,493

NOTICE OF MEETING

Notice is hereby given that the Ninetieth Annual General Meeting of E. B. Creasy & Company PLC will be held on Monday, 25th September 2023, at 1.00 p.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2023 with the Report of the Auditors' thereon.

2. To re-elect as a Director Mr. P.M.A. Sirimane who retires in accordance with Articles 84 and 85 of the Articles of Association.

3. To reappoint Mr. R.N. Bopearatchy who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 6)

4. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 7)

5. To reappoint Mr. A.R. Rasiah who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.8)

6. To reappoint Mr. S.N.P. Palihena who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.9)

7. To reappoint Dr. A.M. Mubarak who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.10)

8. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director.

   Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.11)

9. To authorise the Directors to determine contributions to charities.

10. To reappoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries

Colombo
31st August 2023

NOTICE OF MEETING

NOTES:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.

2. A Form of Proxy is enclosed for this purpose.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Limited at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.

4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.

5. Please refer the CSE website and the "Circular to Shareholders" dated 31st August 2023 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.

6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved -
   "That Mr. R.N. Bopearatchy who is eighty two years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R.N. Bopearatchy."

7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved -
   "That Mr. A.M. de S. Jayaratne who is eighty three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne."

8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved -
   "That Mr. A.R. Rasiah who is seventy seven years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.R. Rasiah."

9. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved -
   "That Mr. S.N.P. Palihena who is seventy six years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.N.P. Palihena."

10. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

    Resolved -
    "That Dr. A.M. Mubarak who is seventy two years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Dr. A.M. Mubarak."

11. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

    Resolved -
    "That Mr. S.D.R. Arudpragasam who is seventy two years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

FORM OF PROXY

I/We………

of ………

being a member/members of E.B. Creasy & Company PLC, hereby appoint ……………………………………………… of

…… whom failing

1. Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
2. Sanjeev Rajaratnam	of Colombo or failing him
3. Rohan Chrisantha Anil Welikala	of Colombo or failing him
4. Ranjit Noel Bopearatchy	of Colombo or failing him
5. Parakrama Maithri Asoka Sirimane	of Colombo or failing him
6. Albert Rasakantha Rasiah	of Colombo or failing him
7. Shanthikumar Nimal Placidus Palihena	of Colombo or failing him
8. Azeez Mohamed Mubarak	of Colombo or failing him
9. Ajit Mahendra de Silva Jayaratne	of Colombo or failing him
10. Sanjeewa Wijesiri Gunawardena	of Colombo

as my/our proxy to represent me/us and to speak and vote on my/our behalf at the Ninetieth Annual General Meeting of the Company to be held on Monday, 25th September 2023 at 1.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	FOR	AGAINST
1. To receive the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon	☐	☐
2. To re-elect Mr. P.M.A. Sirimane as a Director	☐	☐
3. To reappoint Mr. R.N. Bopearatchy as a Director	☐	☐
4. To re appoint Mr. A.M. de S. Jayaratne as a Director	☐	☐
5. To reappoint Mr. A.R. Rasiah as a Director	☐	☐
6. To re appoint Mr. S.N.P. Palihena as a Director	☐	☐
7. To reappoint Dr. A.M. Mubarak as a Director	☐	☐
8. To reappoint Mr. S.D.R. Arudpragasam as a Director	☐	☐
9. To authorize the Directors to determine contributions to charities	☐	☐
10. To reappoint as Auditors KPMG and authorize the Directors to determine their remuneration.	☐	☐

As witness my /our hands this .... day of .... Two Thousand and Twenty Three.

....
Signature

NOTE:

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the proxy should vote, the proxy may vote as he/she thinks fit. Instructions for completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.

2. In the case of Corporate Members, the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorised Officer or Attorney.

3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.

4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight (48) hours before the time appointed for the meeting.

CORPORATE INFORMATION

NAME OF THE COMPANY
E. B. Creasy & Company PLC (EBC PLC)

LEGAL FORM
Public Quoted Company with Limited Liability incorporated in Sri Lanka under the Joint Stock Companies Ordinance 1861

COMPANY NUMBER
PQ 182

PRINCIPAL ACTIVITIES
The principal activities are manufacture of consumer disposables and marketing of hardware and automotive accessories and installation of solar power systems

STOCK EXCHANGE LISTING
The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

REGISTERED OFFICE
P.O. Box 37, No. 98, Sri Sangaraja Mawatha, Colombo 10.
Telephone : 94 (11) 2421311, Fax: 94 (11) 2448534

BOARD OF DIRECTORS
Chairman/Managing Director
S. D. R. Arudpragasam, *FCMA (UK)*

Joint Managing Director
S. Rajaratnam, *B.Sc. CA*

Directors
R.N. Bopearatchy, *B.Sc. (Cey), Dip. BM, MBA (Univ. of Col.)*
R.C.A. Welikala
P.M.A. Sirimane, *FCA, MBA*
A.R. Rasiah, *B.Sc. (Cey.), FCA*
S.N.P. Palihena, *FCIB (U.K.), FIB (SL), Post Grad. Dip. Bus. & FA*
A.M. Mubarak, *B.Sc. (SL), Ph.D. (Cantab), FICHEMC, FNASSL*
A.M. de S. Jayaratne, *B.Sc. (Econ.), FCA (Eng. and Wales), FCA (ICASL)*
S.W. Gunawardena, *B.Sc., MBA*

SECRETARIES
Corporate Managers & Secretaries (Private) Limited
No. 8-5/ 2, Leyden Bastian Road, York Arcade Building, Colombo 01.

AUDITORS
KPMG
Chartered Accountants
P.O. Box 186, Colombo 03.

LEGAL ADVISERS
Julius & Creasy
P.O. Box 154, Colombo 01.

BANKERS
Bank of Ceylon
Amana Bank PLC
Cargills Bank Limited
Commercial Bank of Ceylon PLC
Sampath Bank PLC
NDB Bank PLC
Union Bank of (Colombo) PLC
People's Bank
Seylan Bank PLC
Nations Trust Bank PLC
Hatton National Bank PLC
Standard Chartered Bank
Pan Asia Banking Corporation PLC
Sanasa Development Bank PLC

SUBSIDIARIES
Darley Butler & Co. Limited (DBCL)
Candy Delights Limited (CDL)
Laxapana Batteries PLC (LBP)
E. B. Creasy Ceylon (Private) Limited (EBCC)
Group Three Associates (Pvt) Limited (GTA)
Corporate Systems Limited (CSL)
E. B. Creasy Logistics Limited (EBL)
Muller & Phipps (Ceylon) PLC (M&P)
Pettah Pharmacy (Pvt) Limited (PPL)
Lanka Special Steels Limited (LSSL)
Ceyflex Rubber Limited (CRL)

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