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Company Registration Number : PQ186



24th January 2024

Mr. Renuka Wijewardhan
Chief Regulatory Officer
Colombo Stock Exchange,
World Trade Center,
Echelon Square,
Colombo -01.

Dear Madam,

ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2023

We refer to the Annual Report for the year ended 31st March 2023 that was published, and forward herewith, an amended Note 4 correcting a typographical error.

Yours faithfully,

PARAGON CEYLON PLC

L. I. Ratnasabapathy
Chairman / Managing Director

Notes to the Financial Statements Contd...

4. Financial and capital risk management (Contd.)

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.861,494 (31 March 2022 - Rs. 193,055) which is recorded in Note 17.

	Gross Receivables		Loss Allowance		Carrying Value	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Past due:						
Past due 0-60 days	833,125	185,806		(54,216)	833,125	131,590
Past due 61-120 days	19,926	75	-	-	19,926	75
More than 120 days	54,216	55,451	(54,216)	-	-	55,451
Total	907,267	241,332	(54,216)	(54,216)	853,051	187,116

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Movement in the Loss Allowance		
Balance at the beginning of the year	54,216	52,390
Loss allowance during the year	-	1,826
Write-off of loss allowance	-	-
Balance at the end of the year	54,216	54,216

A loss allowance of Rs. 54,216 (31 March 2022 - Rs. 54,216) has been made in respect of trade receivables, as at the reporting date. Unimpaired amounts are considered collectible in full, based on historical payment pattern and analysis of customer's credit risks.

Cash and Cash Equivalents

The Company held cash and cash equivalents for the year ended 31 March 2023 Rs.106,563 (31 March 2022 - Rs. 104,046) which is recorded in Note 21 which represents its maximum credit exposure of these assets.

Respective credit ratings of banks in which Company cash balances held are as follows,

- Commercial Bank of Ceylon PLC - A-(Ika)

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Company's approach to managing its liquidity risk is as follows:

- Regularly monitoring of the company's assets and liabilities in order to forecast cash flows up to the future period.
- Monitoring the facility limits i.e. overdrafts with banks.

Notes to the Financial Statements Contd...

The table below summarizes the maturity profile of the Company's financial obligations based on contractual undiscounted payments.

As at 31 st March 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total (Rs)
Trade and Other Payables	-	182,969	-	117,154	-	300,123
Dues to Related Companies	-	-	-	-	-	-
Bank Overdrafts	1,021,548	-	-	-	-	1,021,548
	1,021,548	182,969	-	117,154	-	1,321,671

As at 31 st March 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total (Rs)
Trade and Other Payables	-	243,249	3,308,368	-	-	3,551,617
Dues to Related Companies	384,058	-	-	-	-	384,058
Bank Overdrafts	1,940,829	-	-	-	-	1,940,829
	2,324,887	243,249	3,308,368	-	-	5,876,504

c. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks;

- Foreign exchange risk
- Interest rate risk
- Equity price risk

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As the Company doesn't transact in foreign currency, it is not exposed to foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the company's bank overdraft and fixed deposits.

If interest rates had been higher/ lower by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2023 would increase/decrease by Rs. 7,871 (31 March 2022 - Rs. -2,646). This is attributable to the Company's exposure to interest rates on variable rates of interest.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

4.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital is monitored on the basis of the gearing ratio.