CONVENIENCE FOODS (LANKA) PLC

FINANCIAL STATEMENTS

31 MARCH 2026

Shape the future
with confidence

Ernst & Young
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CONVENIENCE FOODS (LANKA) PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Convenience Foods (Lanka) PLC ("the Company"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(Contd...2/)

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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Key audit matter	How our audit addressed the key audit matter
Revenue The Company recognized revenue amounting to Rs. 6,922 Mn in accordance with the Company accounting policies as disclosed in Note 5. Revenue was a key audit matter due to the materiality of revenue recorded by the Company during the year.	Our audit procedures to address this area of focus included the following: ▪ tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue. ▪ performed analytical procedures to understand and assess the reasonableness of the reported revenues. ▪ tested revenue transactions to sales invoices, dispatch documents and other supporting documents. Our procedures included testing: revenue transactions at the year-end to determine whether sales transactions and sales returns have been recorded in the proper period and to the proper accounts. We also assessed the adequacy of the related disclosures set out in notes 5 to the financial statements.
Carrying value of Inventories As at 31 March 2026, the carrying value of inventory amounted to Rs. 825 Mn net of provision for slow moving inventories of Rs. 49 Mn as disclosed in note 15 to the financial statements. Carrying value of inventories was a key audit matter due to: ▪ the materiality of the reported inventory balance which represented 16% of the Company's total assets as of the reporting date; and ▪ judgements applied by the management on the condition of inventory due to wastage, spoilages, shelf life of products and slow-moving items as disclosed in note 15 to the financial statements.	Our audit procedures included the following key procedures: ▪ observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported. ▪ tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices. ▪ assessed the reasonableness of management judgements applied in determining that the provision for slow moving and obsolete inventories is based on the condition of inventory in relation to wastage, spoilages, shelf life of products and slow-moving items We also evaluated the adequacy of the disclosures in note 15 to the financial statements.

(Contd...3/)

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 the management and those charged with governance for the financial statements.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.

(Contd...4/)

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 auditor's report is 2097.

30 June 2026
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs. (Note 3.7.1)
Revenue from Contracts with Customers	5.	6,921,906,365	6,838,638,927
Cost of Sales		(4,635,145,960)	(4,473,164,288)
Gross Profit		2,286,760,405	2,365,474,639
Other Operating Income	6.1	122,032,890	38,042,671
Research and Development Expenses		(27,606,906)	(23,586,714)
Selling Expenses		(273,924,509)	(436,760,724)
Distribution Expenses		(596,672,214)	(524,639,034)
General and Administrative Expenses		(461,105,249)	(440,880,141)
Other Operating Expenses	6.2	(148,986,713)	(156,378,094)
Operating Profit		900,497,704	821,272,603
Other Investment Income	7.	196,157,620	142,263,459
Profit Before Financing and Income Taxes		1,096,655,324	963,536,062
Interest Expenses on Borrowings	7.	(252,212)	(105,253)
Finance Charge on Lease and Employee Benefit Liabilities	7.	(15,833,757)	(13,517,701)
Profit Before Income Taxes	8.	1,080,569,355	949,913,108
Income Tax Expense	9.	(320,859,991)	(302,762,038)
Profit for the year		759,709,364	647,151,070
Other Comprehensive Income			
Items that will not be Reclassified Subsequently to Profit or Loss			
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	24.	(385,548)	(32,868,751)
Tax on Other Comprehensive Income		115,664	9,860,625
Total Other Comprehensive Income for the Year		(269,884)	(23,008,126)
Total Comprehensive Income for the Year		759,439,480	624,142,944
Basic (and Diluted) Earnings Per Share	10.	276.26	235.33
Dividend Per Share	11.	6.70	4.70

Figures in brackets indicate deductions.

ERNST & YOUNG Chartered Accountants COLOMBO

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements of the Company set out on pages 09 to 60.

Convenience Foods (Lanka) PLC

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

Assets	Note	2026 Rs.	2025 Rs.
Non Current Assets			
Property, Plant and Equipment	12.	500,094,838	564,125,018
Right of Use Assets	13.	126,415,216	228,043,909
Intangible Assets	14.	10,739,363	6,650,792
Deferred Tax Asset	22.	-	1,954,765
Term Deposits	18.	385,336,986	-
Total Non Current Assets		1,022,586,403	800,774,484
Current Assets			
Inventories	15.	824,811,763	634,034,074
Trade and Other Receivables	16.	941,006,877	1,008,611,885
Amounts due from Related Companies	17.	77,515,012	34,960,047
Term Deposits	18.	2,058,674,947	2,027,882,981
Cash and Cash Equivalents	19.	344,530,065	203,984,146
Total Current Assets		4,246,538,664	3,909,473,133
Total Assets		5,269,125,067	4,710,247,617
Equity and Liabilities			
Equity			
Stated Capital	20.	52,521,178	52,521,178
Other Reserves	21.	41,613,945	41,613,945
Retained Earnings		3,906,670,983	3,165,656,503
Total Equity		4,000,806,106	3,259,791,626
Liabilities			
Non Current Liabilities			
Deferred Tax Liabilities	22.	37,493,548	-
Lease Liabilities	23.	93,914,987	227,273,975
Employee Benefit Liabilities	24.	120,535,620	106,978,251
Total Non Current Liabilities		251,944,155	334,252,226
Current Liabilities			
Trade and Other Payables	25.	721,677,073	916,211,592
Amounts due to Related Companies	27.	214,381,813	74,338,784
Lease Liabilities	23.	31,399,691	24,764,361
Current Tax Liabilities	26.	48,916,229	100,889,028
Total Current Liabilities		1,016,374,806	1,116,203,765
Total Liabilities		1,268,318,961	1,450,455,991
Total Equity and Liabilities		5,269,125,067	4,710,247,617
Net Assets Value per Share		1,454.84	1,185.38

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements of the Company set out on pages 09 to 60.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

.....
Sgd. J.S. Senarathne
General Manager - Finance

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board;

.....
D.S. Wickramasingha
Director

.....
M.C. Dahanayake
Managing Director

ERNST & YOUNG
Chartered Accountants
Colombo

Convenience Foods (Lanka) PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2024	52,521,178	41,613,945	2,554,438,559	2,648,573,682
Profit for the Year	-	-	647,151,070	647,151,070
Other Comprehensive Income	-	-	(23,008,126)	(23,008,126)
Total Comprehensive Income for the Year	-	-	624,142,944	624,142,944
Cash Dividends - 2023/24	-	-	(12,925,000)	(12,925,000)
Balance as at 31 March 2025	52,521,178	41,613,945	3,165,656,503	3,259,791,626
Balance as at 01 April 2025	52,521,178	41,613,945	3,165,656,503	3,259,791,626
Profit for the Year	-	-	759,709,364	759,709,364
Other Comprehensive Income for the Year	-	-	(269,884)	(269,884)
Total Comprehensive Income for the Year	-	-	759,439,480	759,439,480
Cash Dividends - 2024/25	-	-	(18,425,000)	(18,425,000)
Balance as at 31 March 2026	52,521,178	41,613,945	3,906,670,983	4,000,806,106

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 09 to 60.



Convenience Foods (Lanka) PLC

STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Cash Flows from Operating Activities			
Operating Profit/(Loss)		900,497,704	821,272,603
Adjustments to Reconcile Operating Profit to Net Cash Flows:			
Depreciation of Property, Plant and Equipment	12.	85,020,481	92,779,916
Amortization of Intangible Assets	14.	1,594,127	1,657,114
Depreciation of Right of Use Assets	13.	34,890,853	25,616,598
(Gains)/Losses from Disposal of Property, Plant and Equipment	6.1.2	(27,500,000)	(21,992,163)
(Gains)/Losses from Derecognition of Leases	6.1.2	(33,722,828)	-
Impairment Losses from Property, Plant and Equipment	12	19,574,520	-
Provision for Retirement Benefit Obligation	24.	23,350,890	21,204,653
Operating Profit before Working Capital Changes		1,003,705,747	940,538,721
Changes in Working Capital			
(Increase)/Decrease in Inventories		(190,777,689)	251,007,975
(Increase)/Decrease in Trade and Other Receivables		120,993,946	(163,400,026)
(Increase)/Decrease in Amounts due from Related Companies		(42,554,965)	(9,318,395)
Increase/(Decrease) in Amounts due to Related Companies		140,043,029	(33,872,752)
Increase/(Decrease) in Trade and Other Payables		(194,534,519)	394,862,402
Cash (Used in)/Generated from Operations		836,875,549	1,379,817,925
Gratuity Paid	24.	(10,179,069)	(38,701,733)
Income Tax Paid (including withholding tax)	26.	(333,268,813)	(269,925,809)
Net Cash Flows (Used in)/from Operating Activities		493,427,667	1,071,190,383
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment (including capital work in progress)	12.	(40,564,821)	(47,655,781)
Purchase of Intangible Assets	14.	(5,682,698)	(3,121,473)
Proceeds from Sale of Property, Plant and Equipment	12.	27,500,000	22,000,000
Interest Received	7.	142,307,387	142,263,459
Withdrawal of/(Placement in) Fixed Deposits		(416,128,952)	(1,064,002,121)
Net Cash Flows (Used in)/from Investing Activities		(292,569,084)	(950,515,916)
Cash Flows from Financing Activities			
Repayment of Lease	23.	(25,801,695)	(18,931,183)
Interest Paid	7.2	(16,085,969)	(13,622,954)
Dividends Paid to Shareholders	11.	(18,425,000)	(12,925,000)
Net Cash Flows (Used in) / from Financing Activities		(60,312,664)	(45,479,137)
Net (Decrease) / Increase in Cash and Cash Equivalents		140,545,919	75,195,330
Cash and Cash Equivalents at the Beginning of the Year		203,984,146	128,788,816
Cash and Cash Equivalents at the End of the Year	19.	344,530,065	203,984,146

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 09 to 60.

1. CORPORATE INFORMATION

1.1 Reporting Entity

Convenience Foods (Lanka) PLC ('the Company') is a public limited liability company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 555, High Level Road, Makumbura, Pannipitiya and the principal place of business is situated at No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.

1.2 Principal Activities and Nature of Operations

The Company is engaged in the manufacturing and marketing of Textured Soya Protein (TSP) and other food products.

1.3 Parent Company

The Company's parent and ultimate controlling party is CBL Investments Limited, which holds 71.38% (2025: 71.38%) of the Company's ordinary shares listed on the Colombo Stock Exchange.

1.4 Date of Authorization for Issue

The financial statements of the Company for the year ended 31 March 2026 were authorized for issue under a resolution of the Board of Directors on 30 June 2026.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka. The summary of significant accounting policies adopted in the preparation of the financial statements are set out in Note 3.

These financial statements have been prepared on a historical cost basis, except for those assets and liabilities that are required or permitted by SLFRSs to be measured at fair value.

The financial statements have been prepared on a going concern basis, as the Directors are satisfied that the Company has adequate resources to continue its operations for the foreseeable future.

Comparative information in respect of the preceding period has been presented in accordance with the requirements of SLFRSs.

2.1 Statement of Compliance

The financial statements which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the Accounting Policies and Notes (the 'financial statements') have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of financial statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.3 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for:
- Financial instruments measured as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income which are measured at fair value.
- Defined benefit liability measured using the projected unit credit method, determined by independent actuarial valuation.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the financial statements.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional currency and presentation currency. All financial information presented in Sri Lankan Rupees is rounded to the nearest rupee unless otherwise stated.

2.5 Comparative Information

The accounting policies have been consistently applied by the Company with those of the previous financial year, except for the changes in presentation and disclosure arising from the adoption of SLFRS 18 Presentation and Disclosure in financial statements.

The Company has early adopted SLFRS 18 prior to its mandatory effective date.

The presentation and classification of the financial statements for the previous year have been amended, as shown in Note 3.7.1 where relevant, to comply with SLFRS 18 and to achieve better presentation and comparability with those of the current period. The management has reasonable evidence that such presentation provides more relevant information for the understanding of the Company's financial performance and financial position.

Other than the above changes in presentation and disclosure, there have been no changes to the accounting policies applied in the current year.

2.6 Materiality and Aggregation

In accordance with Sri Lanka Accounting Standards, the Company applies materiality, aggregation and disaggregation principles consistently across all primary financial statements. Items with similar characteristics are aggregated, while items that are materially different in nature or function are presented separately. Amounts are rounded to the nearest rupee unless otherwise stated.

In determining the appropriate presentation of expenses within the operating category of the Statement of Profit or Loss, the Company assesses whether expenses share similar characteristics, taking into consideration the nature and functional role of the underlying transactions within the operating activities. As a result, expenses are analysed and presented by function, with research and development, selling, distribution and administrative expenses disclosed as separate line items in the Statement of Profit or Loss.

Other operating expenses that do not warrant separate presentation because they are individually immaterial are aggregated and presented under 'Other operating expenses'.

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies has been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

3.1 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the Statement of Profit or Loss.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

3.2 Financial Instruments

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

3.2.1 Financial Assets

Initial Recognition and Measurement

At initial recognition, financial assets within the scope of SLFRS 9 are classified into categories that are subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets is based on the Company's business model for managing the financial assets and whether the contractual terms give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. The SPPI assessment is performed at an individual instrument level. The business model reflects whether cash flows are expected to be realised by collecting contractual cash flows, selling the financial assets, or both.

Financial assets that fail the SPPI test are measured at fair value through profit or loss, irrespective of the business model under which they are held.

Except for trade receivables that do not contain a significant financing component, or for which the Company applies the practical expedient permitted under SLFRS 15, financial assets are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets classified as FVTPL are initially measured at fair valuc and transaction costs are expensed in the statement of profit or loss.

The Company's financial assets include cash, short-term deposits and trade and other receivables.
Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised cost include trade receivables, amounts due from related parties and term investments. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial Assets - Derecognition
Financial assets are derecognised when the contractual rights to receive cash flows expire, or when the financial asset is transferred and the Company has transferred substantially all the risks and rewards of ownership and no longer retains control of the asset.

Impairment of Financial Assets
The Company recognises an allowance for expected credit losses on financial assets measured at amortised cost and debt instruments measured at FVOCI. Financial assets measured at FVTPL are not subject to impairment under SLFRS 9. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the Company's effective interest rate.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has established a provision matrix based on its historical credit loss experience. It also considers the time value of money for receivables overdue beyond the set credit period, discounted using the Company's effective interest rate and adjusts for forward looking information related to specific debtors and the broader economic environment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

3.2.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as either financial liabilities measured at amortised cost or financial liabilities measured at fair value through profit or loss (FVTPL), as appropriate.

All financial liabilities are initially recognised at fair value. For financial liabilities measured at amortised cost, this is net of directly attributable transaction costs. Transaction costs relating to financial liabilities measured at FVTPL are expensed in profit or loss.

The Company's financial liabilities may include trade and other payables, amounts due to related parties, short-term borrowings and bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Embedded derivatives are treated in accordance with the classification of the host contract, unless otherwise required by SLFRS 9.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit or Loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

3.3 Provisions

Under LKAS 37, the Company recognises a provision only when three conditions are met: (1) there is a present obligation arising from a past event; (2) it is probable that settling the obligation will require an outflow of resources embodying economic benefits; and (3) the amount of the obligation can be estimated reliably. If the Company expects another party to reimburse some or all of the expenditure needed to settle the provision, the reimbursement is recognised separately as an asset only when it is virtually certain the reimbursement will be received upon settlement. The reimbursement asset is not offset against the provision and the related expense is presented separately in the statement of profit or loss.

Where the time value of money is material, provisions are measured at the present value of the expected expenditures required to settle the obligation. Discounting is applied using an appropriate discount rate that reflects current market assessments of the time value of money and liability-specific risks, to the extent these risks are not already incorporated in the estimated cash flows. The increase in the provision over time arising from discount unwinding is recognised as a finance cost.

3.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the indirect method, as stipulated in LKAS 7. Cash and cash equivalents comprise cash in hand, cash at bank and bank overdrafts (where applicable) and highly liquid investments with an original maturity of three (3) months or less. Interest income is classified as cash flows from investing activities. Dividends paid are classified as financing cash flows in accordance with the Company's accounting policy under SLFRS 18.

3.5 Segmental Information

The Company operates as a single operating segment based on internal reports reviewed by the Chief Operating Decision Maker (CODM). Accordingly, no separate segment disclosures are presented.

3.6 Other Significant Accounting Policies Not Disclosed with Individual Notes

The following accounting policies, which have been applied consistently by the Company, are considered to be significant but not covered in any other sections.

3.6.1 Current versus Non Current Classification

The Company 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
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents 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 considered as current when:
- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current in the Statement of Financial Position.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

3.7 Changes in Accounting Standards

3.7.1 New and Amended Standards and Interpretations

The Company early adopted SLFRS 18, which supersedes LKAS 1 and made consequential amendments to other standards. SLFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations.

In addition, consequential amendments have been made to LKAS 7, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest.

The Statement of Profit or Loss under LKAS 1 for the year ended 31 March 2025 reconciles to the Statement of Profit or Loss under SLFRS 18, as follows:

Revenue	6,838,638,927		6,838,638,927
Cost of Sales	(4,473,164,288)		(4,473,164,288)
Gross Profit	**2,365,474,639**		**2,365,474,639**
Administrative Expenses	(464,466,856)	23,586,714	(440,880,141)
Research and Development Expenses		(23,586,714)	(23,586,714)
Selling and Distribution Expenses	(961,399,758)	961,399,758	
Selling Expenses		(436,760,724)	(436,760,724)
Distribution Expenses		(524,639,034)	(524,639,034)
Other Operating Income	38,042,671		38,042,671
Other Operating Expenses	(156,378,094)		(156,378,094)
Results from Operating Activities	**821,272,603**		**821,272,603**
Finance Income	142,263,459		142,263,459
Finance Cost	(13,622,954)	13,622,954	
Interest Expenses on Borrowings		(105,253)	(105,253)
Finance Charge on Lease and Employee Benefit Liabilities		(13,517,701)	(13,517,701)
Profit Before Tax	**949,913,108**		**949,913,108**
Income Tax Expense	(302,762,038)		(302,762,038)
Profit for the year	**647,151,070**	-	**647,151,070**

(a) Research and Development Expenses
Following the assessment of characteristics, research and development expenses have been separated from administrative expenses.

(b) Selling and Distribution Expenses
Selling and distribution expenses have been disaggregated into selling expenses and distribution expenses.

(c) Finance Costs
Interest on debts and borrowings and other liabilities are classified as interest expenses on borrowings in the financing category.

Unwinding of discount on employee benefits provision and finance charge on leases are classified separately.

Management-defined Performance Measure (MPM)
The financial statements do not include any MPMs.

The adoption of other new and amended Sri Lanka Financial Reporting Standards and interpretations that became effective during the year did not have a material impact on the Company's financial statements.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

3.7.2 New Accounting Standards and Sustainability Disclosure Standards Issued but Not Yet Effective at the Reporting Date

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements, are disclosed below. The Company intends to fully adopt these new and amended standards and interpretations, if applicable, when they become effective.

New SLFRSs/ Amendments to the Existing SLFRSs and the Effective Date	Summary of the Requirements/Amendments	Expected Impact on the Financial Statements
SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information. Effective on or after 01 January 2026 with early adoption permitted.	SLFRS S1 outlines the general requirements for companies to disclose sustainability-related financial information, focusing on Environmental, Social and Governance (ESG) factors. It emphasises the integration of sustainability-related disclosures into financial reporting, ensuring that stakeholders have comprehensive information on how sustainability risks and opportunities affect the financial performance and position of an organisation.	SLFRS S1 requires extensive sustainability-related financial disclosures, including information on governance, strategy, risk management and metrics and targets. While the standard does not alter recognition or measurement requirements, sustainability-related risks and opportunities disclosed under SLFRS S1 may influence management judgments and estimates applied in preparing the financial statements.
SLFRS S2 - Climate related Disclosures. Effective on or after 01 January 2026 with early adoption permitted.	SLFRS S2 is a standard that aligns with the global drive for transparency regarding the financial impacts of climate-related risks and opportunities. This standard is designed to support companies disclose how climate-related factors affect their financial performance, position and cash flows.	SLFRS S2 focuses on climate-related financial disclosures. The standard does not change accounting recognition or measurement requirements; however, climate-related risks and opportunities may affect assumptions used in impairment testing, provisions and other estimates disclosed in the financial statements.
Amendments to the Classification and Measurement of Financial Instruments (SLFRS 9 and SLFRS 7) Effective on or after 01 January 2026	The Amendments include: • A clarification that a financial liability derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date • Additional guidance on how the contractual cas flows for financial assets with ESG and similar features should be assessed • Clarifications on what constitute 'non-recours features' and what are the characteristics of contractually linked instruments • The introduction of disclosures for financi instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (FVTOCI).	The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not anticipate that the amendments will have a material effect on the Company's financial statements. The Company has not early adopted these amendments and will apply them when they become effective.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

3.7 Changes in Accounting Standards (Contd...)

New SLFRSs/ Amendments to the Existing SLFRSs and the Effective Date	Summary of the Requirements/Amendments	Expected Impact on the Financial Statements
SLFRS 18 Presentation and Disclosure in Financial Statements Effective on or after 01 January 2027 with early adoption permitted.	SLFRS 18 replaces LKAS 1 Presentation of financial statements and establishes updated principles for how financial statements should be presented and disclosed to improve transparency and comparability. It requires entities to present a complete set of financial statements with consistent structure and enhanced clarity, mandates defined subtotals (such as operating profit) in the Statement of Profit or Loss and introduces clearer rules on aggregation, disaggregation and disclosure of management-defined performance measures, while retaining many existing LKAS 1 principles.	The Company has early adopted SLFRS 18 Presentation and Disclosure in financial statements in preparing these financial statements. The adoption primarily affected presentation and disclosure and did not result in changes to recognition or measurement.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made various judgements. Those which management has assessed as having the most significant effect on the amounts recognized in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The items that have an impact on accounting, including judgments, estimates and assumptions, are as follows:

a) Assessment of the Company's ability to continue as a going concern – Note 4.2
b) Income taxes – judgements in determining taxable profits, deferred tax recovery and uncertain tax positions – Note 9
c) Impairment of non-financial assets – Note 12, 13 and 14
d) Useful lives of the long term assets - Note 12 and 14
e) Provisions for stock obsolescence - Note 15
f) Provision for expected credit losses of trade receivables – Note 16
g) Key actuarial assumptions relating to defined benefit obligation – Note 24
h) Estimating the incremental borrowing rate - for leases - Note 23

The Company performed impairment testing for non-current assets with the indicators of impairment in accordance with the accounting policies stated in Note 12: Property, Plant and Equipment, Note 13: Right of Use Assets and Note 14: Intangible Assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts of cash generating units are the higher of asset's fair value less costs of disposals and value in use. These calculations require the use of estimates, assumptions and judgement. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

The Company reviewed its debtors to identify those at risk of default, then conducted impairment testing to assess their financial status and payments history. As a result of this assessment, impairment losses were recognised during the year as disclosed in Note 16.2.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd...)

4.1 Income Tax and Deferred Tax Assets / Liabilities

The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters could be different from the amounts that were initially recorded, such differences will impact the net profit in the period in which the determination is made.

Deferred tax assets are recognized for all deductible temporary differences and tax credits to the extent it is probable that taxable profits will be available against which these losses or credits can be utilized. Management judgements are required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

4.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the present macro-economic conditions, the circumstances of the external environment, including conditions that may be inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and the management does not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

4.3 Loss Allowance on Financial Assets

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company recognises an impairment allowance for receivables as per SLFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

In assessing collective impairment, the Company uses historical information on the probability of default, the timing of recoveries and the amount of loss incurred and makes an adjustment if current and forward-looking economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

4.4 Defined Benefit Plans

The cost of defined benefit plans is determined by using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.



5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting Policy

Revenue principally comprises sales of products to customers. Revenue is measured at the transaction price, being the amount of consideration the Company expects to be entitled to and excludes taxes collected on behalf of third parties, rebates, discounts and consideration payable to customers (including certain marketing incentives), to the extent these represent reductions of the transaction price.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

5.1 Sale of Goods

The Company generates revenue primarily from the sale of product lines of soya meat, spices, salt, coconut milk, snacks and cereal.

Revenue from the sale of goods is recognised at the point in time when control of the assets (the products) is transferred to the customer, generally on delivery of the goods. The primary obligation of the Company is the supply of goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Activities such as promotional packs, stock management and return handling are treated as parts of the combined obligation to supply goods and do not represent distinct performance obligations as they do not provide a separately identifiable benefit to the customer, hence separate allocation of the transaction price is not required.

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). This assessment ensures compliance with SLFRS 15 by recognizing revenue based on the transfer of control and the nature of the promises in the contract and recognised to the extent that it is highly probable that a significant reversal of revenue will not occur.

Under the Company's standard practice, customers have a right to return damaged and/or expired goods. The Company recognizes revenue for goods transferred to customers only to the extent it expects to be entitled, net of expected returns. For sales made with a contractual right of return, an estimated refund liability is recognized for the consideration expected to be refunded to customers. At the time of return, adjustments to the estimates are recognized in the financial statements with a corresponding adjustment against trade receivables.

There are no warranties that give rise to separate performance obligations or require any accounting adjustments to the financial statements.

The credit terms are established competitively in line with market standards for all customers, including related parties. Additionally, there are no significant financing components in any existing customer contracts.

The Company has not applied significant judgements or made changes in the judgements, that significantly affects the determination of the amount and timing of revenue from contracts with customers.



5. REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd...)

5.2 Disaggregation of Revenue

For the year ended 31 March	2026 Rs.	2025 Rs.
Revenue by local/exports market		
Local Sales	6,739,450,590	6,672,084,172
Export Sales	69,660,159	60,442,691
Indirect Export Sales	112,795,616	106,112,064
Total Revenue from Contracts with Customers	6,921,906,365	6,838,638,927
Revenue by business activity		
Manufacturing	6,494,640,937	6,430,357,414
Trading	427,265,428	408,281,513
Total Revenue from Contracts with Customers	6,921,906,365	6,838,638,927
Revenue by timing of transfer of goods		
Point in time	6,921,906,365	6,838,638,927
	6,921,906,365	6,838,638,927
Revenue by product type		
Goods	6,921,906,365	6,838,638,927
Services	-	-
Total Revenue from Contracts with Customers	6,921,906,365	6,838,638,927

5.3 Contract Balances

Contract Assets

Contract assets are the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract Liabilities

Contract liabilities are the Company's obligations to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods (and services, where applicable), short-term advances received to deliver goods (and render certain services, whereas applicable).

There were no contract assets or contract liabilities to be recognized as at 31 March 2026 (2025: Nil).

6. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSE

6.1 Other Operating Income

Accounting Policy

6.1.1 Gains and Losses

Gains and losses on disposal of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amount of property, plant and equipment and are recognized in profit or loss.

Gains and losses arising from activities incidental to the 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.

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6. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSE (Contd...)

6.1.2 Other Operating Income

For the year ended 31 March	2026 Rs.	2025 Rs.
Gain on Sale of Property, Plant and Equipment	27,500,000	22,000,000
Gain on Derecognition of Lease Liability	33,722,828	-
Net Exchange Gains	42,270,017	-
Net Scrap Sales Income	13,304,559	11,111,806
Other Individually Immaterial Operating Income	5,235,486	4,930,865
	122,032,890	38,042,671

Other income is recognized on an accrual basis.

6.2 Other Operating Expenses

For the year ended 31 March	2026 Rs.	2025 Rs.
Social Contribution Levy	148,986,713	148,491,443
Loss on Sale of Property, Plant and Equipment	-	7,837
Exchange Losses	-	7,878,814
	148,986,713	156,378,094

7. FINANCE INCOME / COST

Accounting Policy

7.1 Finance Income

Finance income comprises interest income on funds invested that are recognised in the Statement of Profit or Loss.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

7.2 Finance Cost

Finance cost comprises interest expense on bank overdrafts, leases and borrowings (if applicable) that are recognised in the Statement of Profit or Loss.

Interest expense is recorded as it accrues using the EIR, which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.



7. FINANCE INCOME / COST (Contd...)

For the year end 31 March	2026 Rs.	2025 Rs.
Net Finance Income		
Finance Income		
Other Investment Income		
Interest Income	196,157,620	142,263,459
Total Other Investment Income/Finance Income	196,157,620	142,263,459
Finance Cost		
Interest Expense on Borrowings	168,652	15,620
Interest Expense on Short Term Advances	83,560	89,633
Interest Expenses	252,212	105,253
Finance Charge on Lease Liabilities	15,833,757	13,517,701
Total Finance Cost	16,085,969	13,622,954
Net Finance Income/(Cost) recognised in profit or loss	180,071,651	128,640,505

8. PROFIT BEFORE TAX

8.1 Expenditure Recognition

Accounting Policy

Expenses are recognised in the Statement of Profit or Loss when incurred, or when there is a direct association between the costs incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the "Expenses by function" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

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

For the year end 31 March	2026 Rs.	2025 Rs.
Employee Compensation and Benefits Expenses	738,441,203	664,203,229
Advertising and Sales Promotion	273,924,509	436,760,724
Depreciation of Property, Plant and Equipment	85,020,481	92,779,916
Employee Support and Welfare Expenses	79,411,476	58,485,833
Directors Remuneration	64,200,793	52,019,611
Contributions to Employees' Provident Fund	45,041,414	39,352,443
Depreciation of Right of Use Assets	34,890,853	25,616,598
Research & Development expenses	27,606,906	23,586,714
Defined Benefit Plan Contribution	23,350,890	21,204,652
Donations	13,327,874	300,810
Contributions to Employees' Trust Fund	11,254,341	9,800,511
Training & Development expenses	11,413,610	8,777,240
Amortisation of Intangible Assets	1,594,127	1,657,114
(Reversal) / Charge of Impairment for Trade Receivables	1,950,032	(3,787,127)
Auditors' Remuneration		
- Audit Services	1,618,318	1,471,198
- Non Audit Services	1,225,271	807,894

8.2 Employee Related Costs

For the year end 31 March	2026 Rs.	2025 Rs.
Short-term Employee Cash Benefits Including Salaries, Allowances and Overtime	825,511,508	735,074,929
Contributions to Employees' Trust Fund and Provident Fund	56,295,755	49,152,954
Defined benefit scheme cost	23,350,890	21,204,652
Total Employee Related Costs	905,158,153	805,432,535

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9. TAXES

9.1 Income Tax

Income tax comprises current tax expense and deferred tax expense or credit, following the guidelines of LKAS 12. Income tax expense is recognized in profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Interest and penalties relating to income taxes are recognised in profit or loss as part of other expenses and are accounted for in accordance with LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

9.1.1 Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss.

Management has used its judgement on the application of tax laws including transfer pricing regulations involving estimation of the respective arm's length prices and selection of appropriate pricing mechanisms. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

9.1.2 Deferred Tax

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

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Un-recognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the profit or loss. Accordingly, deferred tax is recognised in other comprehensive income or directly in equity, depending on where the underlying transaction or event is recognised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

9.2 Income Tax Expenses

For the year ended 31 March	2026 Rs.	2025 Rs.
Income Tax for the Year (Note 9.2.1)	287,876,847	303,285,037
(Over) / Under Provision of Previous Year's Income Taxes	(6,580,833)	1,442,069
Deferred Tax Recognized During the Year (Note 22.1)	39,563,977	(1,965,068)
	320,859,991	302,762,038

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9. TAXES (Contd..)

9.2.1 Reconciliation Between Accounting Profit and Taxable Income

For the year ended 31 March	2026 Rs.	2025 Rs.
Accounting Profit Before Tax	1,080,569,355	949,913,108
Disallowable Expenses and Deductions Not Allowed	250,144,964	270,201,137
Allowable Deductions	(299,483,344)	(186,906,013)
Non Taxable Income	(61,566,484)	(22,258,109)
Qualifying Payments	(10,075,000)	-
Total Taxable Income	959,589,491	1,010,950,123
Business Income	755,310,488	852,902,102
Investment Income	195,813,964	142,005,350
Other Income	18,540,039	16,042,671
Qualifying Payments	(10,075,000)	
Total Taxable Income	959,589,491	1,010,950,123
Taxable Income at 30% (2025: 30%); Normal Rate	959,589,491	1,010,950,123
Taxable Income at Different Rates	-	-
	959,589,491	1,010,950,123
Income Tax		
Tax at 30%	287,876,847	303,285,037
Income Tax for the Year	287,876,847	303,285,037

Applicable Rate of Income Tax
The tax liability of the Company is computed at the standard rate of 30%.

9.3 Reconciliation Between the Average Effective Tax Rate and the Applicable Tax Rate

For the year ended 31 March	2026 Rs.	2025 Rs.
Accounting Profit Before Tax	1,080,569,355	949,913,108
At Statutory Income Tax Rate of 30% (2025: 30%)	324,170,806	284,973,932
Tax Effect of Disallowable Expenses and Deductions	75,043,489	81,060,341
Tax Effect of Allowable Deductions	(89,845,003)	(56,071,804)
Tax Effect of Non Taxable Income	(18,469,945)	(6,677,433)
Tax Effect of Qualifying Payments	(3,022,500)	-
Income Tax for the Year	287,876,847	303,285,037
Tax Effect of Business Income	226,593,146	255,870,631
Tax Effect of Investment Income and Other Income	64,306,201	47,414,406
Tax Effect of Qualifying Payments	(3,022,500)	-
Income Tax for the Year	287,876,847	303,285,037
Adjustment for:		
(Over) / Under Provision of Previous Year's Income Taxes	(6,580,833)	1,442,069
Deferred Tax Recognized During the Year (Note 22.1)	39,563,977	(1,965,068)
Income Tax Expense Reported in the Statement of Profit or Loss	320,859,991	302,762,038
Effective Tax Rate	30%	32%

There are no income tax consequences attached to the payment of dividends in either 2026 or 2025 by the Company to its shareholders.

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9. TAXES (Contd..)

9.4 Reconciliation Between Current Tax Expense and the Product of Accounting Profit

For the year ended 31 March	2026 Rs.	2025 Rs.
Adjusted Accounting Profit Chargeable to Income Taxes	1,080,569,355	949,913,108
Tax Effect on Chargeable Profits	241,394,660	230,882,093
Tax Effect on Non Deductible Expenses	75,043,489	81,060,341
Tax Effect on Deductions Claimed	(89,845,003)	(56,071,804)
Tax Effect on Investment Income	58,744,189	42,601,605
Tax Effect on Other Income	5,562,012	4,812,801
Tax Effect on Qualifying Payments	(3,022,500)	-
Tax Expense	287,876,847	303,285,037

9.5 Other Taxes

9.5.1 Sales Tax

Revenue, expenses and assets are recognised net of recoverable sales tax (including value-added tax or similar indirect taxes), except where the sales tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case such sales tax is recognised as part of the cost of the asset or as part of the related expense, as applicable.

Receivables and payables are stated inclusive of sales tax. The net amount of sales tax recoverable from, or payable to, the taxation authority is presented as part of receivables or payables in the Statement of Financial Position.

9.5.2 Social Security Contribution Levy (SSCL)

SSCL shall be paid by any person carrying on the business of manufacturing, supply of services or wholesale or retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022 and subsequent amendments thereto.

10. BASIC EARNINGS PER SHARE

Accounting Policy

The Company presents basic earnings per share (EPS) based on profit or loss attributable to ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential ordinary shares.



10. BASIC EARNINGS PER SHARE (Contd...)

The following table reflects the income and shares data used in the basic EPS calculation:

For the year ended 31 March	2026	2025
Profit for the Year Attributable to Ordinary Shareholders (Rs.)	759,709,364	647,151,070
Weighted Average Number of Ordinary Shares	2,750,000	2,750,000
Basic EPS (Rs.)	276.26	235.33

As there were no dilutive potential ordinary shares outstanding during the period, diluted EPS is equal to basic EPS.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

11. DIVIDENDS PER SHARE

For the year ended 31 March	2026	2025
First and Final Dividend Paid (Rs.)	18,425,000	12,925,000
Number of Ordinary Shares	2,750,000	2,750,000
Dividend per Share (Rs.)	6.70	4.70

Dividends are subjected to taxes at the time of payment as per the regulations, where applicable.

12. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

The Company applies the requirements of LKAS 16 on 'Property, Plant and Equipment' in accounting for its owned assets that are held for use in the production or supply of goods or for administrative purposes and are expected to be used for more than one year.

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 - Property, plant and equipment.

Basis of Measurement

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment loss (cost model). The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for qualifying assets (long-term construction projects) if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and includes the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Capital work-in-progress is stated at cost, including capitalised borrowing costs where applicable and is not depreciated until the related assets are available for their intended use.

12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

Derecognition

An item of property, plant and equipment is derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of property, plant and equipment is recognised in profit or loss in the period in which the asset is derecognised. Such gains are not classified as revenue.

Useful Lifetime of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates and methods: therefore they are subject to uncertainty.

Depreciation

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment, other than freehold land, to their residual values over their estimated useful lives.

Depreciation commences in the month of the purchase/available for use of the assets (when it is in the location and condition necessary for it to be capable of operating as intended by management) and ceases upon disposal or when the asset is derecognised/scrapped.

Asset	Years
Factory buildings	25
Machinery	8 - 20
Tools and equipment	6 - 7
Motor vehicle	4
Furniture and fittings	5
Computers and electrical installations	4 - 7
Office equipment	6 - 7
Point of sale equipment	2

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at the end of each financial year with the effect of any changes in such estimates accounted for prospectively.

Impairment of Property, Plant & Equipment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell/disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax or post-tax discount rate (as applicable) that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Statement of Profit or Loss, except that impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the Statement of Profit or Loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

Property, Plant and Equipment	Buildings	Machinery	Furniture, Fittings & Office Equipment	Motor Vehicles	Tools & Equipment	Point of Sale Equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost							
Balance as at 01 April 2024	412,161,569	551,697,155	72,883,430	53,749,776	42,339,403	41,805,916	1,174,637,248
Additions During the Year	137,736	20,468,430	1,384,576	-	6,090,519	-	28,081,262
Disposals and Derecognitions During the Year	-	(742,000)	(947,006)	(12,957,000)	-	(6,975,720)	(21,621,725)
Balance as at 31 March 2025	412,299,305	571,423,585	73,321,000	40,792,776	48,429,922	34,830,196	1,181,096,785
Balance as at 01 April 2025	412,299,305	571,423,585	73,321,000	40,792,776	48,429,922	34,830,196	1,181,096,785
Additions During the Year	2,076,269	4,777,187	7,332,971	18,930,466	3,023,003	4,424,925	40,564,821
Disposals and Derecognitions During the Year	-	-	(175,000)	(16,400,000)	-	-	(16,575,000)
Balance as at 31 March 2026	**414,375,574**	**576,200,772**	**80,478,971**	**43,323,242**	**51,452,925**	**39,255,121**	**1,205,086,606**
Accumulated Depreciation							
Balance as at 01 April 2024	125,243,968	274,105,040	53,635,445	53,197,364	30,615,422	28,583,020	565,380,259
Charge for the Year	15,748,130	52,891,687	8,063,713	428,454	3,533,067	12,114,865	92,779,916
Disposals and Derecognitions During the Year	-	(742,001)	(939,167)	(12,957,000)	-	(6,975,720)	(21,613,888)
Balance as at 31 March 2025	140,992,098	326,254,726	60,759,991	40,668,818	34,148,489	33,722,165	636,546,287
Balance as at 01 April 2025	140,992,098	326,254,726	60,759,991	40,668,818	34,148,489	33,722,165	636,546,287
Charge for the Year	15,775,666	52,802,837	7,437,644	2,501,530	3,551,048	2,951,756	85,020,481
Disposals and Derecognitions During the Year	-	-	(175,000)	(16,400,000)	-	-	(16,575,000)
Balance as at 31 March 2026	**156,767,764**	**379,057,563**	**68,022,635**	**26,770,348**	**37,699,537**	**36,673,921**	**704,591,768**
Net Book Value							
Net Book Value as at 31 March 2025	271,307,207	245,168,859	12,561,009	123,958	14,281,433	1,108,031	544,550,498
Net Book Value as at 31 March 2026	257,607,810	197,143,209	12,456,336	16,552,894	13,753,388	2,581,200	500,094,838
Capital Work -In Progress							
Balance as at 01 April 2025	-	19,574,520	-	-	-	-	19,574,520
Impairment Loss	-	(19,574,520)	-	-	-	-	(19,574,520)
Balance as at 31 March 2026	-	-	-	-	-	-	-
Total Net Book Value							
As at 31 March 2025	271,307,207	264,743,379	12,561,009	123,958	14,281,433	1,108,031	564,125,018
As at 31 March 2026	257,607,810	197,143,209	12,456,336	16,552,894	13,753,388	2,581,200	500,094,838

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12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

Property, Plant and Equipment amounting to Rs. 286,512,427 (2025 - Rs. 297,011,330), which were fully depreciated are still in use as at the end of the reporting date.

There are no restrictions that exist on the title of the Property, Plant and Equipment of the Company as at the reporting date.

Collateral

The Company has not pledged its Property, Plant and Equipment as collateral for any short or long term borrowings at 31 March 2026 and 2025.

Capital Expenditure Commitments

There are no capital expenditure commitments that require a provision in the financial statements as at 31 March 2026 (2025: NIL).

Fair Value of Property, Plant and Equipment

The Company operates on leased land, with related disclosures provided in Note 13.1 – Right-of-Use Assets.
Property, plant and equipment owned by the Company are stated at cost, as any appreciation in value is considered insignificant.

Impairment of Property, Plant and Equipment

No impairment losses were recognised on capitalised assets during the reporting period, except for an impairment provision recorded in respect of a work-in-progress asset, arising from technological performance not meeting the expectations. The asset was assessed at an individual level, with no recoverable amount determined due to the absence of expected future economic benefits.

Further Disclosures

No borrowing costs were capitalised during the reporting period as no qualifying assets were under construction.

There were no contractual commitments for acquisition of property, plant and equipment as at the reporting date.

There were no temporary idle property, plant or equipment as at the reporting date.

There were no assets classified as held for sale or included in a disposal group classified as held for sale in accordance with SLFRS 5 (2025-NIL) or any idle or retired assets as at reporting date.

No property, plant and equipment were acquired through business combinations during the reporting period.

The Company disposed fully depreciated assets with a cost of Rs. 16,400,000 (and net carrying amount of Rs. Nil) for a cash consideration of Rs. 27,500,000. The net gain on these disposals was recognised as part of other operating income in the statement of profit or loss (Note 6.1.2).

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13. RIGHT OF USE ASSETS

Accounting Policy

Leases

This policy applies to lease arrangements where the Company acts as a lessee. The Company applies the requirements of SLFRS 16 'Leases' in accounting for right-of-use assets (and lease liabilities).

At inception of a contract, the Company 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.

The lease term includes the non-cancellable period of the lease, together with periods covered by an option to extend the lease where the Company is reasonably certain to exercise such option.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date (the date the underlying asset is available for use). 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 (lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, where this cannot be readily determined, the Company's incremental borrowing rate), 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 end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant 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 Company applies the recognition exemptions for short-term leases and leases of low-value assets and recognises the associated lease payments as an expense on a straight-line basis.



13. RIGHT OF USE ASSETS (Contd...)

Information about leases for which the Company is a lessee is presented below.

The following table presents the carrying amounts of the Company's right-of-use assets and movements for the year ended 31 March 2026 and 2025.

	Land	Motor Vehicles	Buildings	Total
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance as at 01 April 2024	6,580,075	22,243,221	110,207,724	139,031,020
Additions During the Year	-	147,544,994	-	147,544,994
Disposals and Derecognitions During the Year	-	(15,705,774)	-	(15,705,774)
Balance as at 31 March 2025	6,580,075	154,082,441	110,207,724	270,870,240
Balance as at 01 April 2025	6,580,075	154,082,441	110,207,724	270,870,240
Additions During the Year	-	21,795,698		21,795,698
Disposals and Derecognitions During the Year	-	-	(110,207,724)	(110,207,724)
Balance as at 31 March 2026	6,580,075	175,878,139	-	182,458,214
Accumulated Depreciation				
Balance as at 01 April 2024	1,917,269	17,773,311	13,224,927	32,915,507
Charge During the Year	69,588	21,138,701	4,408,309	25,616,598
Disposals and Derecognitions During the Year	-	(15,705,774)	-	(15,705,774)
Balance as at 31 March 2025	1,986,857	23,206,238	17,633,236	42,826,331
Balance as at 01 April 2025	1,986,857	23,206,238	17,633,236	42,826,331
Charge During the Year	69,588	30,780,315	4,040,950	34,890,853
Disposals and Derecognitions During the Year	-	-	(21,674,186)	(21,674,186)
Balance as at 31 March 2026	2,056,445	53,986,553	-	56,042,998
Carrying Value				
As at 31 March 2025	4,593,218	130,876,203	92,574,488	228,043,909
As at 31 March 2026	4,523,630	121,891,586	-	126,415,216

13.1 The details of the leasehold land are as follows:

Leasehold Land Location	Lease Period	Lessor	Extent	Number of Buildings
No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.	99 years commencing from 23 March 1994	Urban Development Authority	2A- 2R- 5.50P	2

13.2 This land has been leased for 99 years of lease term. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The leasing of motor vehicles includes hiring of cars for field sales officers.

The lease of the building from Ritzbury Lanka (Private) Limited was terminated early during the year and the building was handed back at the end of the reporting period.

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13. RIGHT OF USE ASSETS (Contd...)

13.3 The total cash outflow for leases during the year amounted to Rs. 41,635,452 (including interest) and Rs. 25,801,695 (excluding interest).

13.4 The Company also has certain leases of building rent with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Expenses relating to short term leases and leases of low value assets were Rs. 24,716,765 (2025 Rs. 21,408,004).

13.5 There are no sub leases or sale and lease back transactions during the reporting period.

13.6 The following table sets out the discount rates applied for the leases.

	Lease term (range)	Discount rate (range)	Discount rate type	Agreement Start Date	Agreement End Date
Motor Vehicles					
Lease 1	5 years	7.5%	Incremental borrowing rate	15 August 2024	14 July 2029
Lease 2	5 years	7.5%	Incremental borrowing rate	15 October 2024	14 September 2029
Lease 3	5 years	10.4%	Incremental borrowing rate	10 February 2026	10 January 2031
Buildings (Terminated during the year)	25 years	6.7%	Incremental borrowing rate	01 April 2021	31 March 2046 (original) Terminated 28 February 2026

14. INTANGIBLE ASSETS

Accounting Policy

The Company applies the requirements of LKAS 38 'Intangible Assets' in accounting for the intangible assets.

Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the asset can be reliably measured.

Basis of Measurement

Intangible assets purchased separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Useful Economic Lives and Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Description	Periods in Years
Software Applications and Licenses	10

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14. INTANGIBLE ASSETS (Contd...)

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently when an indication of impairment exists either individually or at the cash- generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Derecognition of Intangible Assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

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 the Statement of Profit or Loss as incurred.

a) Licenses and Computer Software

Licenses and Computer software are shown at historical cost.

Purchased Computer software is stated at cost less accumulated amortization and any accumulated impairment losses. It is amortized over its estimated life of ten (10) years using the straight-line method. If there is any indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization of the asset is revised prospectively to reflect the new expectations.

Licenses having a finite useful life are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method, from the date of asset being available for use, subject to impairment, to the end of the assignment period of the license. Licenses are not subjected to revaluations.

b) Research and Development Costs/ Internally Generated Intangible Assets

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised as an intangible asset, when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the assets
- how the assets will generate future economic benefits
- the availability of resources to complete the assets
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure of an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit from the use or expected future sales from the related project. During the period of development, the asset is tested for impairment annually.



14. INTANGIBLE ASSETS (Contd...)

Licenses and Computer Software	2026 Rs.	2025 Rs.
Cost		
Balance as at 01 April	20,026,651	16,905,178
Additions During the Year	5,682,698	3,121,473
Balance as at 31 March	25,709,349	20,026,651
Accumulated Amortization		
Balance as at 01 April	13,375,859	11,718,745
Charge for the Year	1,594,127	1,657,114
Balance as at 31 March	14,969,986	13,375,859
Carrying Value	10,739,363	6,650,792

The amortization expense on intangible assets (Computer Software) with finite life is recognised in the Statement of Profit or Loss under administration expenses.

The Company has recognised Rs. 27,606,906 as research expenses (2024/25: Rs 23,586,714).

Intangible assets amounting to Rs. 10,420,504 (2025: Rs. 1,333,049), which were fully amortized are still in use as at the end of the reporting date.

There are no restrictions that exist on the title of the intangible assets of the Company as at the reporting date.
The Company does not hold any intangible assets with indefinite useful lives as at the reporting date.
There were no contractual commitments for acquisition of intangible assets as at the reporting date.
The Company has not pledged any of the intangible assets as collateral for any short or long term borrowings as at 31 March 2026 and 2025.

15. INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Costs incurred in bringing inventories to their present conditions and locations are determined as follows:

All inventory items, except finished goods (manufactured inventories) and work-in-progress are measured at weighted average directly attributable cost.

Finished goods and work-in-progress are measured at weighted average factory cost which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity.

Raw Materials and Consumables	At actual cost on weighted average basis.
Finished Goods	At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Spares and Accessories	At actual cost on weighted average basis.

Allowances for inventory obsolescence (inventory provisions) are recognized when the expected NRV of inventory is lower than its carrying amount. The provision is determined through periodic reviews and assessments performed by the Company. Professional judgment is required and applied to assess the impact of factors such as wastage, spoilage, inventory damages, product shelf-life, slow-moving items and any compliance requirements affecting the condition of the inventory. When the circumstances that previously caused inventory write-downs no longer exist, the amount of the write-down is reversed, limited to the amount of the original write-down.

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15. INVENTORIES (Contd...)

As at 31 March	2026 Rs.	2025 Rs.
Raw Materials and Consumables	495,405,937	412,338,685
Finished Goods	146,631,153	150,155,588
Semi Finished Goods	59,520,704	48,413,457
Spares and Accessories	171,853,894	152,417,310
Total Gross Value of Inventories	873,411,688	763,325,040
Provision for Slow Moving and Obsolete Inventories **(Note 15.1)**	(48,599,925)	(129,290,966)
Total Value of Inventories at Lower of Cost and Net Realizable Value	824,811,763	634,034,074

During the financial year, Rs. 3,864,645,610 (2024/25: Rs. 3,718,676,447) was recognised as raw and packing material costs within cost of sales.

Collateral
The Company has not pledged its inventories as collateral for any short term or long term borrowings as at 31 March 2026 and 2025.

15.1 Provision for Slow Moving and Obsolete Inventories

	2026 Rs.	2025 Rs.
Balance as at 01 April	129,290,966	58,063,272
Provision Charge during the year	55,211,717	108,673,814
Reversals / Write-offs of Inventory Provisions	(135,902,758)	(37,446,120)
Balance as at 31 March	48,599,925	129,290,966

Climate-related Matters
Inventories may be impacted by climate-related matters in multiple ways. Due to the short-term nature of inventories, they would typically be more exposed to physical risks than transition risks.

16. TRADE AND OTHER RECEIVABLES

Trade Receivables

As at 31 March	2026 Rs.	2025 Rs.
Trade Receivables	816,865,076	941,634,770
Provision for Impairment of Trade Receivables (Note 16.2)	(5,284,136)	(3,334,104)
	811,580,940	938,300,666
Related Parties (Note 17)	77,515,012	34,960,047
Total Trade Receivables Net Carrying Value (Including Related Parties)	889,095,952	973,260,713
Add: Other Receivables (Note 16.1)	129,425,937	70,311,219
Total Trade and Other Receivables Net Carrying Value (Including Related Parties)	1,018,521,889	1,043,571,932
Total Trade and Other Receivables Net Carrying Value (Excluding Related Parties)	**941,006,877**	**1,008,611,885**

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16. TRADE AND OTHER RECEIVABLES (Contd...)

Trade receivables from related parties comprise amounts due from CBL Group companies for goods supplied, services rendered and reimbursement of expenses provided in the ordinary course of business. These balances are recognized as current assets in the Statement of Financial Position, measured at amortised cost. The carrying amount approximates fair value due to the short-term nature of these receivables.

Trade Receivable Age

As at 31 March	**2026**	**2025**
	Rs.	**Rs.**
Neither Past Due Nor Impaired		
0 - 30 Days	609,554,926	694,346,471
31 - 60 Days	152,868,718	125,376,472
61- 90 Days	106,667,283	77,605,827
Past Due Nor Impaired		
91 - 120 Days	21,507,488	37,872,906
121 - 150 Days	871,570	21,354,820
>151 Days	2,910,104	20,038,321
Gross Carrying Value	894,380,088	976,594,817
Provision for Impairment of Trade Receivables	(5,284,136)	(3,334,104)
Net Carrying Value	889,095,952	973,260,713

The Company operates a customer financing program for selected key customers (distributors), on a voluntary participation basis. Under this program, customers may obtain financing for invoices issued by the Company through a third-party financial institution and any related financing fees or interest are borne by the customer.

Once goods are delivered and invoices approved, the financial institution settles the invoice value with the Company in line with original terms and the customer settles the financed amount directly with the financial institution. This arrangement does not change the original sales terms, pricing or revenue recognition and the Company does not provide collateral or guarantees to the financial institution.

Cash receipts from the financial institution are presented as operating cash flows, consistent with settlement of trade receivables. Upon settlement of the invoice amount by the financial institution, the related trade receivable is derecognised, as the Company has no continuing involvement in respect of the receivable.

As at 31 March	**2026**	**2025**
	Rs.	**Rs.**
Related Parties (Note 17)	77,515,012	34,960,047
Other Trade Receivables	816,865,076	941,634,770
Gross Carrying Value	894,380,088	976,594,817
Provision for Impairment of Trade Receivables	(5,284,136)	(3,334,104)
Net Carrying Value (Including Related Parties)	889,095,952	973,260,713

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16. TRADE AND OTHER RECEIVABLES (Contd...)

16.1 Other Receivables

As at 31 March	2026 Rs.	2025 Rs.
Advances Paid to Suppliers	70,239,606	36,922,027
Other Advances	5,420,249	4,512,623
Prepayments	53,766,082	28,876,569
	129,425,937	70,311,219
Total Trade and Other Receivables (Excluding Related Parties)	941,006,877	1,008,611,885

16.2 Provision for Impairment of Trade Receivables

As at 31 March	2026 Rs.	2025 Rs.
Balance as at 01 April	3,334,104	7,223,528
Charge / (Reversal) During the Year	1,950,032	(3,787,127)
Write Off	-	(102,297)
Balance as at 31 March	5,284,136	3,334,104

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 21 to 90 days. Trade receivables are measured at amortised cost in accordance with SLFRS 9. The charge during the year for expected credit losses on trade receivables was recognized as Rs.1,950,032.

The provision for trade receivables as at the reporting date does not include any amounts due from related parties.

The Company considers a financial asset to be in default when contractual payments are overdue beyond the agreed or renegotiated terms and when there is objective evidence of increased credit risk, as identified through trade credit control procedures.

Financing Arrangements

The Company has not entered into any arrangements to finance or otherwise factor its trade receivables during the current or prior reporting period.

Collaterals

The Company has not pledged its trade receivables as collateral for any short term or long term borrowings at 31 March 2026 and 2025.

17. AMOUNTS DUE FROM RELATED COMPANIES

As at 31 March	2026 Rs.	2025 Rs.
Ceylon Biscuits Limited	7,650,759	1,870,781
CBL Foods International (Private) Limited	-	502,824
Plenty Foods (Private) Limited	52,330,879	23,245,859
SPAR SL (Private) Limited	17,533,374	9,340,583
	77,515,012	34,960,047

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18. TERM DEPOSITS

These represent term deposits placed with Board-approved local banks.

As at 31 March	2026 Rs.	2025 Rs.
Investment in Fixed Deposits	2,444,011,933	2,027,882,981
	2,444,011,933	2,027,882,981
Term Deposits (Current)	2,058,674,947	2,027,882,981
Term Deposits (Non Current)	385,336,986	-
	2,444,011,933	2,027,882,981

Term deposits are made for varying periods of between 1 to 24 months depending on the immediate cash requirements and investment decisions of the Company and earn interest at the respective term deposit rates.

All deposits maturing within 12 months from the reporting date are classified as current assets, while those maturing after 12 months are classified as non-current assets.

The Company has not pledged any of its short-term deposits to fulfil collateral requirements.

19. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand/bank and highly liquid financial assets with original maturity within three (3) months or less from the date of acquisition, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. This excludes the investment in fixed deposits, which are intended for investment/re-investment purposes (and disclosed separately).

Cash and cash equivalents are carried at their nominal value in the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand and bank, as defined above, net of outstanding bank overdrafts (if applicable) as they are considered an integral part of the Company's cash management.

As at 31 March	2026 Rs.	2025 Rs.
Favourable cash and cash equivalent balances		
Cash at Bank	344,330,065	203,834,146
Cash in Hand	200,000	150,000
	344,530,065	203,984,146
Unfavourable cash and cash equivalent balances		
Bank Overdraft (Book Balance With a Right of Set-Off)	-	-
Cash and Cash Equivalents for the Purpose of Cash Flows	344,530,065	203,984,146

Cash at banks is mostly held in money market accounts and earns interest based on market rates prevailing.

Cash in hand comprises petty cash balances.

The Company has not pledged any of its cash and cash equivalents to fulfil collateral requirements.

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20. STATED CAPITAL

Accounting Policy

The Company applies the requirements of LKAS 32 Financial Instruments: Presentation in classifying financial instruments issued by the Company as equity or financial liabilities. Financial instruments are classified as equity instruments when, based on the substance of the contractual arrangement, they do not contain a contractual obligation to deliver cash or another financial asset.

The Company's ordinary shares are classified as equity instruments. Equity instruments are measured on initial recognition at the fair value of the consideration received, net of directly attributable costs of issuing the equity instruments, which are recognised as a deduction from equity.

As at 31 March	2026 Rs.	2025 Rs.
Issued and Fully Paid up Shares		
2,750,000 Number of Ordinary Shares	52,521,178	52,521,178
	52,521,178	52,521,178

The ordinary shares of Convenience Foods (Lanka) PLC are listed at the Colombo Stock Exchange.

Holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Public holding percentage as at 31 March 2026 was 28.62% (2025 - 28.62%) and comprised of 1,896 shareholders (2025: 1,751).

The float adjusted market capitalization of the Company as at 31 March 2026 was Rs. 1,829,828,475 (2025- Rs.1,006,012,150).

The float adjusted market capitalization of the Company falls within Option 5 of Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under said option.

21. OTHER RESERVES

As at 31 March	2026 Rs.	2025 Rs.
Gain on Disposal of Share Trust	41,613,945	41,613,945
	41,613,945	41,613,945

On 25 February 1992 and 25 June 1993, a total of 168,004 (One Hundred Sixty Eight Thousand and Four) shares of the Company were purchased at a cost of Rs. 1,386,055 for the Share Trust setup by the Company. During the year ended 31 March 2015, the shares held by the trust were sold and the Company recognised the gain on disposal of shares held by trust. When these shares were disposed of by the Trust, the amounts received were recognised as an increase in equity and the resulting surplus from the transaction was transferred to a reserve without recognising any adjustments to the profit or total comprehensive income for the respective year.

The total of 2,750,000 shares excludes the shares disposed of by the Trust.



22. DEFERRED TAX ASSETS / LIABILITIES

Accounting Policy

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

• Where the deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
• In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

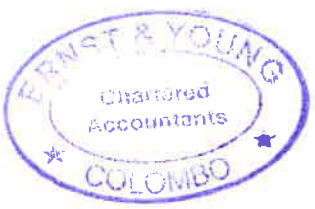
• Where the deferred income tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
• In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority and are expected to be settled on a net basis.



22. DEFERRED TAX ASSETS / LIABILITIES (Contd...)

	2026 Rs.	2025 Rs.
Deferred Tax Asset / (Liability) as at 01 April	1,954,765	(9,870,928)
Reversed / (Charged) During the Year - Recognized in Profit or Loss (Note 22.1)	(39,563,977)	1,965,068
Reversed / (Charged) During the Year - Recognized in Other Comprehensive Income (Note 22.1)	115,664	9,860,625
Deferred Tax Asset / (Liability) as at 31 March	(37,493,548)	1,954,765

22.1 The Recognised Deferred Tax Asset/(Liability) of the Company is Attributable to the following;

As at 31 March	2026		2025	
	Temporary Difference Rs.	Tax Effects Rs.	Temporary Difference Rs.	Tax Effects Rs.
On Property, Plant and Equipment	(296,471,719)	(88,941,516)	(254,886,974)	(76,466,092)
On Net Lease Liability	(1,100,538)	(330,161)	23,994,428	7,198,328
On Inventory Provisions and Asset Impairments	48,599,925	14,579,978	129,290,966	38,787,290
On Trade Receivable Provision	3,458,216	1,037,465	1,139,212	341,764
On Retirement Benefit Obligation	120,535,620	36,160,686	106,978,251	32,093,475
	(124,978,496)	(37,493,548)	6,515,883	1,954,765

	Reflected in Statement of Financial Position		Reflected in Statement of Profit or Loss		Reflected in Statement of Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Property, Plant and Equipment	(88,941,516)	(76,466,092)	(12,475,424)	(12,413,214)	-	-
Net Lease Liability	(330,161)	7,198,328	(7,528,490)	84,392	-	-
Inventory Provisions and Asset Impairments	14,579,978	38,787,290	(24,207,312)	21,368,309	-	-
Trade Receivable Provision	1,037,465	341,764	695,701	(1,825,295)	-	-
Retirement Benefit Obligation	36,160,686	32,093,475	3,951,547	(5,249,124)	115,664	9,860,625
Reversed/(Charged) During the Year	(37,493,548)	1,954,765	(39,563,977)	1,965,068	115,664	9,860,625

According to the Inland Revenue (Amendment) Act No.45 of 2022, the deferred taxes of the Company are computed at the rate of 30% (2025: 30%).

In calculating the deductible temporary differences, all unused tax losses and unused tax credits, if available, have been considered.

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23. LEASE LIABILITIES

Accounting Policy

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Interest expense on lease liabilities is recognised as finance costs in the Statement of Profit or Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

	2026 Rs.	2025 Rs.
Balance as at 01 April	252,038,336	125,165,826
Additions/Modifications of New Leases	21,334,403	145,803,693
Interest Expense for the Year	15,833,757	13,517,700
Payments Made During the Year	(41,635,452)	(32,448,883)
Derecognitions During the year	(122,256,366)	-
Balance as at 31 March	125,314,678	252,038,336
Payments Made During the Year		
Payment of Principal	25,801,695	18,931,182
Payment of Interest	15,833,757	13,517,701
	41,635,452	32,448,883

Lease liabilities are presented within current and non-current liabilities based on the timing of expected settlement.

Amount Payable Within One Year	31,399,691	24,764,361
Amount Payable After One Year	93,914,987	227,273,975
	125,314,678	252,038,336

When the Company revises its estimate of the lease term, for example as a result of reassessing the probability of exercising a lessee extension or termination option, the carrying amount of the lease liability is remeasured to reflect the lease payments over the revised lease term, discounted using a revised discount rate.

The lease liability is also remeasured when future lease payments change as a result of changes in an index or rate. In such cases, the lease liability is remeasured using the original discount rate, unless the change relates to a floating interest rate, in which case a revised discount rate is applied.

In all remeasurement cases, a corresponding adjustment is made to the carrying amount of the right of use asset, which is depreciated over the remaining revised lease term. Where the carrying amount of the right of use asset is reduced to zero, any further reduction is recognised in profit or loss.



23. LEASE LIABILITIES (Contd...)

23.1 The following amounts were recognised in Profit or Loss:

For the year ended 31 March	2026 Rs.	2025 Rs.
Depreciation Charge on Right-of-Use Assets	34,890,853	25,616,598
Interest Expense on Lease Liabilities	15,833,757	13,517,701
Total Amount Recognised from Leases Accounting in Profit or Loss	50,724,610	39,134,299

The following balances were recognised directly in Profit or Loss, as the Company elected not to apply lease accounting requirements due to their short-term nature or low value.

	2026 Rs.	2025 Rs.
Short Term/Low Value Leases	24,716,765	21,408,004
Total Amount Recognised Directly in Profit or Loss	24,716,765	21,408,004
Total Amount Recognised in Profit or Loss	75,441,375	60,542,303

23.2 Maturity Analysis

The maturity analysis shows the remaining contractual maturities of lease payment liabilities, to demonstrate the timing of the long-term contractual cash outflows.

As at 31 March	2026 Rs.	2025 Rs.
Based on Discounted Cashflows		
Less than 01 Year	31,399,691	24,764,360
Between 01 - 02 Years	32,651,036	26,851,126
Between 02 - 05 Years	61,263,950	74,896,761
More than 05 Years	-	125,526,088
	125,314,677	252,038,335

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24. EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

Employee Defined Benefit Plan – Gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method as recommended by LKAS 19 – Employee Benefits. Any actuarial gains or losses arising are recognised immediately in other comprehensive income. Under the Payment of Gratuity Act No. 12 of 1983, the liability for an employee arises only on completion of five (5) years of continued service. The obligation is not externally funded.

Although entitlement to gratuity arises under the payment of Gratuity Act upon completion of five years of continued service, the obligation is recognised and measured in accordance with LKAS 19 from the commencement of service.

Accounting Judgements, Estimates and Assumptions used in the Employee Defined Benefit Plan – Gratuity

The employee benefit liability of the Company is based on the actuarial valuation carried out by independent actuarial specialists. The actuarial valuation involves making assumptions regarding discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Management tested several scenarios-based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, management has concluded that there is no material impact to retirement benefit obligation liability of the Company.

Defined Contribution Plan

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

a) Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Defined Benefit Plan – Gratuity	2026 Rs.	2025 Rs.
Balance as at 01 April	106,978,251	91,606,581
Current Service Cost	11,767,608	10,992,790
Interest Cost	11,583,282	10,211,862
Actuarial (Gain)/ Loss	385,548	32,868,751
Payments During the Year	(10,179,069)	(38,701,733)
Balance as at 31 March	120,535,620	106,978,251

The amount recognized in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

For the year ended 31 March	2026 Rs.	2025 Rs.
Recognized in Statement in Profit or Loss		
Current Service Cost	11,767,608	10,992,790
Interest Cost	11,583,282	10,211,862
Recognized in Other Comprehensive Income		
- Actuarial (Gain)/ Loss	385,548	32,868,751
	23,736,438	54,073,403

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24. EMPLOYEE BENEFIT LIABILITIES (Contd...)

24.1 An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2026 by Messrs. Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries. The actuarial valuation involves making assumptions as stated in the notes below.

24.2 The Assumptions used for this purpose are as Follows:

For the year ended 31 March	**2026**	**2025**
Principal Assumptions		
Discount Rate	10.5%	11%
Future Salary Increment Rate	9 - 10.5 %	10 - 11.5%
Other Assumptions		
Retirement Age (Years)	60	60
Average Expected Future Services (Years)	5.50	6.99

It is also assumed that the Company will continue in business as a going concern.
The obligation is not externally funded.

24.3 Assumptions regarding the future mortality are based on A1967/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.

24.4 The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

For the year ended 31 March	**2026 Rs.**		**2025 Rs.**	
	-1%	+1%	-1%	+1%
Sensitivity Analysis - Discount Rate				
Increase / (Decrease) of Obligation	7,033,107	(6,357,233)	7,853,744	(6,979,374)
Sensitivity Analysis - Salary Increment Rate				
Increase / (Decrease) of Obligation	(6,960,100)	7,576,967	(7,438,061)	8,339,732

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

24.5 Maturity Analysis of the Payments

The following payments are expected on employee benefit plan - gratuity in future years.

As at 31 March	**2026 Rs.**	**2025 Rs.**
Within the next 12 Months	13,671,288	8,415,725
Between 01 and 02 Years	21,013,135	15,758,755
Between 02 and 05 Years	42,039,912	23,063,309
Between 05 and 10 Years	23,996,081	32,289,279
Beyond 10 Years	19,815,204	27,451,183
Total Expected Payments	120,535,620	106,978,251



25. TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They represent obligations to pay for goods and services that have been received and are classified as current liabilities.

As at 31 March	2026 Rs.	2025 Rs.
Trade Payables	523,685,885	459,490,034
Other Payables	84,766,507	138,373,427
Accrued Expenses and Provisions	327,606,494	392,686,915
Total Trade and Other Payables	936,058,886	990,550,376
Less: Related Party Payables (Note 27)	(214,381,813)	(74,338,784)
Total Trade and Other Payables (Excluding Related Parties)	721,677,073	916,211,592

Trade and other payables are non-interest bearing and expected to be settled within one year or within the normal operating cycle.

Trade payables to related parties comprise amounts payable to CBL Group companies for goods and services received in the ordinary course of business. These balances are recognized as current liabilities in the Statement of Financial Position, measured at amortised cost.

Accrued Expenses and Provisions	2026 Rs.	2025 Rs.
Balance as at 01 April	392,686,915	88,257,002
Net Additions/ (Reversal) During the Year	(65,080,421)	304,429,913
Balance as at 31 March	327,606,494	392,686,915

Accrued expenses are amounts accumulated for ongoing business operations that have not yet been settled by the reporting date and expected to be settled within the business operating cycle.

There are no onerous contracts existing as at the reporting date (2025: Nil).

Legal Cases
The Company reviews outstanding legal cases on an ongoing basis and at each reporting date to assess the need for provisions or disclosures. In making this assessment, management considers the nature and status of each case, the jurisdiction and potential damages, legal opinions, past experience and post-reporting date developments. Based on management judgement, there are no legal matters requiring recognition of a provision in the financial statements as at the reporting date; however, related contingent liabilities have been disclosed in Note 29.



26. CURRENT TAX LIABILITIES

	2026 Rs.	2025 Rs.
Balance as at 01 April	100,889,028	66,087,731
(Over) / Under Provision for Prior Year Income Taxes	(6,580,833)	1,442,069
Provision for the Period	287,876,847	303,285,037
	382,185,042	370,814,837
Tax Payments / Credits		
Tax Payments Made During the Year		
Quarterly Tax Payments	(222,833,745)	(197,478,585)
Final Payments Relevant to Previous Year	(94,308,193)	(67,529,800)
Withholding Tax Claimed Against Income Tax Liability	(16,126,875)	(4,917,424)
Total Tax Payments and Credits	(333,268,813)	(269,925,809)
Balance as at 31 March	48,916,229	100,889,028

27. AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	2026 Rs.	2025 Rs.
CBL Foods International (Private) Limited	6,350,667	7,561,570
Plenty Foods (Private) Limited	7,756,504	3,777,916
CBL Global Foods Limited	192,003,871	53,657,055
Ceylon Biscuits Limited	2,533,467	9,342,243
CBL Corporate Services (Private) Limited	5,737,304	-
	214,381,813	74,338,784

28. SHORT AND LONG TERM BORROWINGS

There were no borrowings outstanding as at the end of the year 2026 (2025: NIL). Further, no borrowings (other than bank overdrafts) were obtained during the year.

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29. COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Financial Commitments

Commitments in respect of letters of credit as at 31 March 2026 were Rs. 65,106,986 (31 March 2025: Rs. 265,774,074). Shipping guarantees as at 31 March 2026 were Rs. 66,953,644 (31 March 2025: Nil). Import bills as at 31 March 2026 were Rs. 57,776,288 (31 March 2025: Rs. 20,733,000).

29.2 Capital Commitments

There were no significant capital commitments as at the reporting date (2025: Nil).

29.3 Contingent Liabilities

Accounting Policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, such reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

The contingent liabilities of the Company as at 31 March 2026, relate to the following:

Income Tax Assessment

An appeal is pending in the Supreme Court against the judgment delivered by the Court of Appeal in favour of the Company, relating to the income tax assessment for the year of assessment 1991/1992.

Based on information currently available, Management is of the view that the ultimate resolution of this legal matter is unlikely to have a material adverse impact on the Company's financial position, results of operations, or liquidity. Accordingly, no provision has been recognised in these financial statements.

Due to the sensitivity and confidentiality of the ongoing legal proceedings, as permitted under LKAS 37, the values are not disclosed.

30. EVENTS AFTER THE REPORTING PERIOD

If the Company receives information after the reporting period, but prior to the date of authorization for issue, about conditions that exist at the end of the reporting period, an assessment will be made to identify the effects on the amounts that are recorded in financial statements.

The Company will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information.



30. EVENTS AFTER THE REPORTING PERIOD (Contd...)

For non-adjusting events after the reporting period, the Company will not change the amounts recognized in the financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, where applicable.

Other than what is mentioned below, no other circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the financial statements.

The Board of Directors of the Company has declared a final dividend of Rs. 8.00 per share for the financial year ended 31 March 2026. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007.

In accordance with LKAS 10, Events after the reporting period, the final dividend and related withholding tax had not been recognised as a liability in the financial statements as at 31 March 2026.

There were no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Company to its shareholders.

31. RELATED PARTY DISCLOSURES

31.1 Transactions with Key Management Personnel

Key management personnel are the directors and senior management (whether executive or otherwise) of the Company and immediate parent, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Compensation to key management personnel is as follows:

For the year ended 31 March	2026 Rs.	2025 Rs.
Short Term Employee Benefits	140,953,882	109,762,591
Post Employment Benefits	12,334,980	10,129,188
	153,288,862	119,891,779

Post employment benefits including the gratuity provision and the EPF and ETF contributions for the year. There were no other termination benefits or share-based payments apart from the benefits indicated above paid to the key management personnel.

There were no borrowings obtained or given to the key management personnel during the year (2024/25 Nil).

The amounts disclosed above have been recognised as an expense during the reporting period.

31.2 Transactions with Related Companies

Terms and Conditions of Transactions with Related Parties

The Company carries out transactions with related parties in the ordinary course of business. Related party transactions are conducted at market rates and on terms equivalent to those that prevail in arm's length transactions.

Outstanding related party receivables and payables at the reporting date are interest free and are settled in cash. There have been no guarantees provided or received in respect of any related party balances.

Non Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower of the Company as per financial statements for the year ending March 31, 2026, which require additional disclosures in the 2025/26 Annual Report under the Colombo Stock Exchange Listing Rule 9.14.7 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

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31 RELATED PARTY DISCLOSURES (Contd...)

31.2 Transactions with Related Companies (Contd...)

Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the Company's revenue as per financial statements ending March 31, 2026, which require additional disclosures in the 2025/26 annual report under the Colombo Stock Exchange Listing Rule 9.14.8 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

No provision or bad debt has been made in respect of amounts receivable from related parties in 2025/26 (2024/25: Nil).

Name of the Company	Relationship	Nature of Transaction	Transaction Value		Balance as at	
			Rs.	Percentage	2026 Rs.	2025 Rs.
CBL Investment Limited	Parent Company	Dividend payment (WHT deducted)	11,179,154	0.17%	-	-
Ceylon Biscuits Limited	Subsidiary of the Parent Entity	Sales	26,684,166	0.40%	7,650,759	1,870,781
		Purchase of raw materials	12,444,316	0.18%	(917,114)	(4,057,953)
		Purchase of finished goods	919,295	0.01%	(156,160)	(65,920)
		Corporate service charges	6,037,789	0.09%	(503,149)	(453,287)
		SAP service charges reimbursements	16,861,138	0.25%	(753,929)	(3,725,479)
		Reimbursement of expenses from CFL	1,039,603	0.02%	(203,115)	(1,039,603)
Plenty Foods (Private) Limited	Subsidiary of the Parent Entity	Sales	184,609,394	2.74%	25,987,875	23,245,859
		Debit notes-training, meal recovery, reimbursements	79,564,256	1.18%	26,343,004	-
		Purchase of raw materials	51,105,071	0.76%	(5,910,449)	(3,367,462)
		Debit notes	2,035,932	0.03%	(77,284)	-
		Purchase of finished goods	175,461	0.00%	(63,220)	-
		Reimbursment of expenses from CFL	449,895	0.01%	(1,705,551)	(410,454)
CBL Foods International (Private) Limited	Subsidiary of the Parent Entity	Sales	2,068,876	0.03%	-	502,824
		Purchase of finished goods	20,486,831	0.30%	(146,928)	(84,984)
		Purchase of raw materials	59,048,399	0.88%	(6,203,739)	(7,476,586)
Ritzbury Lanka (Private) Limited	Subsidiary of the Parent Entity	Stores rent expenses	5,768,400	0.09%	-	-
CBL Corporate Services (Private) Limited	Subsidiary of the Parent Entity	Internal group services	68,676,425	1.02%	(5,737,304)	-
CBL Global Foods Limited	Subsidiary of the Parent Entity	Purchase of trading finished goods	535,266,654	7.94%	(192,003,871)	(53,657,055)
SPAR SL (Private) Limited	Joint Venture of the Parent Entity	Sales	83,546,645	1.24%	17,533,374	9,340,583

Percentages represent the aggregate transaction value as a percentage of local revenue.

Items of a similar nature are disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.

Figures in brackets indicate payables from the Company to the related party.

Amounts indicated are inclusive of taxes, where applicable.

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32. RECLASSIFICATIONS OF COMPARATIVE FIGURES

Certain reclassifications have been made to the comparative figures to improve comparability and fair presentation of these financial statements. As a result, the following balances have been amended in the Statement of Profit or Loss and other comprehensive income as shown below. These reclassifications have not resulted in changes to the profit for the year or total net assets previously reported for the comparative period (31 March 2025).

For the Year Ended 31 March 2025	As previously reported	Adjustment	Reclassified Amount
	Rs.	Rs.	Rs.
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	6,832,724,237	5,914,690	6,838,638,927
Cost of sales	4,451,056,105	22,108,183	4,473,164,288
Selling and Distribution Expenses	977,904,026	(16,504,268)	961,399,758
Administrative Expenses	464,156,080	310,776	464,466,856

33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES

The Company's risk management involves a systematic approach to identifying, assessing and managing all risks and opportunities that could impact on the Company's ability to achieve its strategic and financial objectives. The Company has established a sound risk management framework to identify and mitigate risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its procedures, aims to develop 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 Company risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Financial instruments held by the Company, principally comprise cash, trade receivables, trade payables, related party receivable and payable balances and investments held at amortized cost category. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

The Company has trade and other receivables and cash and short-term deposits that arise directly from its operations. The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to manage the Company's operations. The financial risk governance of the Company provides assurance to the management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company has identified three (3) key types of risk which can affect the Company's operations adversely as credit risk, liquidity risk and market risk.



33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.1 Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities and other financial instruments (if applicable).

The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

The Company trades with recognised, creditworthy third parties. It is the Company's policy that distributors who do business are subject to credit verification procedures. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed regularly.

The individual receivable balances were re-assessed and specific provisions (expected credit losses) were made where necessary. The existing provisioning policy for trade receivables was also revisited and adjusted, as appropriate. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low. The Company has obtained bank guarantees from major customers by reviewing their past performance and credit worthiness, as collateral. However, the Company does not have significant concentrations of credit risk, as receivables are spread across a broad customer base.

As at the reporting date, 46.3% of trade receivables' credit risk was secured by bank guarantees.

a) The Maximum Exposure to Credit Risk at Reporting Date

As at 31 March	2026 Rs.	2025 Rs.
Cash at Bank	344,330,065	203,834,146
Short Term Investments	2,058,674,947	2,027,882,981
Long Term Investments	385,336,986	-
Trade Receivables	811,580,940	938,300,666
Amounts due from Related Companies	77,515,012	34,960,047
	3,677,437,950	3,204,977,840

b) Management of Credit Risk

The Company manages credit risk through a structured framework that includes the formulation and implementation of credit policies covering collateral requirements, credit evaluation, risk categorisation, reporting, documentary and legal processes and compliance with regulatory and statutory requirements.

An authorisation framework is established for approving and renewing credit facilities in line with approved credit policies. The Company restricts concentrations of credit risk exposure relating to counterparties, industries, credit rating bands and market liquidity. Credit risk is consistently evaluated and appraised and guidance and oversight are provided to support effective credit risk management across the Company.

33.1.1 Credit Risk on Trade Receivables

Trade receivables consist of local and overseas customers. The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties. The Company has established policies and procedures to evaluate the clients before approving credit terms. Trade receivables balance as at 31 March 2026 comprises distributors, direct dealers and modern trade representing 40.6%, 15.8% and 43.7% respectively (31 March 2025 distributors (49.5%), direct dealers (10.5%) and modern trade representing (40.0%)).



33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.1.1.a Risk Response to Credit Risk of Trade Receivables

Each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms are offered. The credit evaluation process includes a review of external credit ratings (where available), financial statements, credit agency information, industry information and where relevant, bank references.

Credit limits are established for each customer and reviewed quarterly. Creditworthiness of counterparties and outstanding receivables is reviewed on an ongoing basis to identify potential credit issues and to determine the appropriate allowance for impairment.

Receivable balances are closely monitored and followed up to minimise default risk. Based on assessments of distributors' past performance and creditworthiness, the Company has obtained bank guarantees from certain distributors as a credit risk mitigation measure.

33.1.1.b Trade Receivables at the Reporting Date

As at 31 March	2026		2025	
	Gross balance Rs.	Impairment Rs.	Gross balance Rs.	Impairment Rs.
Trade Receivables (including related parties)	894,380,088	(5,284,136)	976,594,817	(3,334,104)
Days due				
Current - 365 Days	894,380,088	(5,284,136)	976,594,817	(3,334,104)
Over 365 Days	-	-	-	-
	894,380,088	(5,284,136)	976,594,817	(3,334,104)

Expected Credit Losses / Loss Allowances for Trade Receivables

The Company grants credit approvals to its customers, subject to internal credit limits which are regularly reviewed and controlled by the Management.

The requirement for impairment is analyzed at each reporting date on an individual basis for all customers.

Please refer to Note 16 for the analysis by past due status of trade receivable balances.

Movement in the Loss Allowances	2026 Rs.	2025 Rs.
Balance at 01 April	3,334,104	7,223,528
Charge/ (Reversal) During the Year	1,950,032	(3,787,127)
Write off	-	(102,297)
Balance at 31 March	5,284,136	3,334,104

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33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.1 Credit Risk (Contd...)

33.1.2 Credit Risk on Financial Assets

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty. The Company manages its operations to avoid any excessive concentration of counterparty risk and the Company takes all reasonable steps to ensure that the counterparties fulfill their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

33.1.2.1 Risk Response to Credit Risk of Financial Assets

Cash and Cash Equivalents

In order to mitigate settlements and operational risks related to cash and cash equivalents, the Company places deposits with several banks with acceptable ratings.

The Company held cash and balances with banks amounting Rs. 345 Mn as at year end (2025: Rs. 204 Mn).

As at 31 March 2026, cash and bank balances comprise 99.92% (2025 - 99.89%) were invested in banks rated "A" or better.

As at 31 March	2026 Rs.	2025 Rs.
Fitch Ratings		
AAA	10,559,180	7,611,233
AA-	88,379,093	42,115,881
A	245,324,300	154,039,040
BBB-	67,492	67,992
Petty Cash	200,000	150,000
Total	344,530,065	203,984,146

Term Investments

In order to mitigate settlements and operational risks related to term investments, the Company engages several banks with acceptable ratings for its deposits.

The Company held short-term investments amounting to Rs. 2,058.7 Mn (2025: Rs. 2,027.9 Mn) and total term deposits of Rs. 2,444.0 Mn (2025: Rs. 2,027.9 Mn).

As at 31 March	2026 Rs.	2025 Rs.
Fitch Ratings		
AA-	174,597,260	1,100,380,981
A	2,269,414,673	927,502,000
Total term deposits	2,444,011,933	2,027,882,981



33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.2 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 another financial asset.

The Company's objective when managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that there are available funds to meet its medium term capital and funding obligations, including organic growth and investment activities and to meet any unforeseen obligations and opportunities.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Company does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk through diversification of funding sources.

a) **As at 31 March 2026**

	Carrying Amount Rs.	0-12 Months Rs.
Financial Liabilities (Non- derivative)		
Trade and Other Payables	721,677,073	721,677,073
Amount Due to Related Companies	214,381,813	214,381,813
	936,058,886	936,058,886

As at 31 March 2025	Carrying Amount Rs.	0-12 Months Rs.
Financial Liabilities (Non - derivative)		
Trade and Other Payables	916,211,592	916,211,592
Amount Due to Related Companies	74,338,784	74,338,784
	990,550,376	990,550,376

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

As at 31 March 2026	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Beyond 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and Other Payables	721,677,073	-	-	-	721,677,073
Lease Liabilities	40,269,142	40,269,142	64,759,287	-	145,297,571
	761,946,215	40,269,142	64,759,287	-	866,974,644

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33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.2 Liquidity Risk (Contd...)

As at 31 March 2025	Within 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Beyond 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and Other Payables	916,211,592	-	-	-	916,211,592
Lease Liabilities	41,777,036	41,946,646	125,065,662	204,019,200	412,808,544
	957,988,628	41,946,646	125,065,662	204,019,200	1,329,020,136

b) Management of Liquidity Risk

Below actions taken by management to mitigate liquidity risk:

- Maintaining a diversified funding base, including access to appropriate contingency and committed banking facilities.
- Holding a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Monitoring liquidity ratios, regularly reviewing cash flow projections and performing reviews of the Company's liquidity position.
- Monitoring the duration of fixed-income portfolios to ensure alignment with liquidity requirements.
- Maintaining the availability of standby overdraft facilities to be utilised in the event of an emergency.

33.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value or future cash flows of the Company's financial instruments and consequently impact the Company's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

Market risk comprises of the following risks:

- Foreign currency risk
- Interest rate risk

33.3.1 Management of Market Risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- All such transactions are carried out within the guidelines set by the risk management policy.
- Monitoring market risk on a day-to-day basis.

33.3.2 Sensitivity Analysis

The sensitivity analyses in the following sections relate to the position as at 31 March 2026 and 2025.

- All other variables have remained constant at the time of preparing sensitivity analysis.
- The sensitivity of the relevant Statement of Profit or Loss item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31 March 2026 and 2025.
- The sensitivity of the Statement of Financial Position item mainly relates to debt and equity instruments.
- The analysis excludes the impact of movements in market variables on the carrying values of other post-retirement obligations, provisions and the non-financial assets and liabilities.



33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.3 Market Risk

a) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk arising from transactions denominated in foreign currencies.

Foreign exchange movements during the year resulted in exposure to USD-denominated transactions.

The Company is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR) on its outstanding letters of credit valued at Rs. 65,106,986 as at 31 March 2026 (2025 - Rs. 265,774,074).

USD/LKR Sensitivity Analysis

The sensitivity analysis below, of the pending letters of credit, on the profit before tax, has been determined based on assuming a ±1% change in the USD/LKR exchange rate while holding all other assumptions constant.

The impact of changes in USD/LKR exchange rates is as follows:

1% increase	651,070
1% decrease	(651,070)
LKR 1 increase	203,898
LKR 1 decrease	(203,898)

Mitigation Strategies

Foreign currency risk mitigation involves strategies and practices to protect against the potential negative impact of fluctuations in exchange rates on the Company's financial performance.

- Monitoring foreign exchange market movements and assessing their potential impact on foreign currency-denominated cash flows.
- Regularly reviewing the timing of foreign currency cash inflows and outflows and making decisions on whether to reinvest such cash flows or utilise them to settle foreign currency obligations, thereby achieving a natural hedge.

b) Interest Rate Risk

Interest rate risk arises from the Company's exposure to interest-sensitive assets and liabilities, the values or future cash flows of which may fluctuate due to changes in market interest rates. Cash-flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's exposure to changes in market interest rates relates primarily to long-term debt obligations with floating interest rates, where such borrowings exist.

The Company manages exposure to interest rate volatility by maintaining pre-agreed banking facilities and actively managing internal funds to support business operations.



33. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES (Contd...)

33.3 Market Risk (Contd...)

b) Interest Rate Risk

Exposure to Interest Rate Risk at Reporting Date

The Company has secured overdraft and credit facilities with banks. Interest rate risk arises only to the extent that these facilities are utilised, as outstanding borrowings are subject to variable interest rates.

As at 31 March 2026, the Company did not have any interest-bearing borrowings outstanding. Accordingly, the Company is not exposed to significant interest rate risk at the reporting date.

Risk Response to Interest Rate Risk

Interest rate risk response involves strategies to manage the impact of fluctuating interest rates on a Company's financial performance. This risk affects the cost of borrowing, investment returns and overall financial stability.

- The management monitors the sensitivities on a regular basis and ensures that such risks are managed in a timely manner.
- Regularly tracks the macroeconomic indicators together with their forecasts.
- The Company manages interest costs through active cash flow management and utilisation of internal funds to minimise reliance on external borrowings.

Sensitivity Analysis for Interest Sensitive Liabilities

As the Company did not have any interest-bearing borrowings outstanding as at 31 March 2026, the Company is not exposed to interest rate risk.

As at 31 March	2026 Rs.	2025 Rs.
Impact to Profit Before Tax		
100 basis point increase	-	-
100 basis point decrease	-	-

c) Commodity Risk

The Company is exposed to commodity price risk arising from fluctuations in the prices of raw materials used in the manufacturing operations. Changes in commodity prices may affect the Company's cost structure and operating margins.

To manage this risk, management monitors raw material price trends on an ongoing basis and makes purchasing decisions in a timely manner based on prevailing market conditions. Where appropriate, selling prices may be reviewed and adjusted, taking into consideration market conditions and customer acceptance, to mitigate the impact of significant movements in commodity prices.

d) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure so as to reduce the overall cost of capital.

Capital comprises equity attributable to owners of the Company. The Company is not subject to externally imposed capital requirements.

Capital Management Policies and Processes

Risk response to capital management involves strategies to ensure the Company maintains sufficient capital to meet its financial obligations and support growth.

- The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.
- In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.
- Compliance with recommended action plans is supported by periodic reviews of the Company.

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34. 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. 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 Company.

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 best economic interest.

A fair value measurement of a non-financial asset takes into account the market participants' ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Company measures financial instruments and non-financial assets at fair value where required or permitted by applicable accounting standards.

The Company 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: 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 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes 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 assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Where observable inputs are not available, fair value measurements involve greater judgement and estimation uncertainty. Management applies consistent valuation methodologies and reviews such estimates to ensure their reasonableness.

34.1 Principal Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables (including related party balances)
- Cash and cash equivalents
- Trade and other payables (including related party balances)
- Lease liabilities
- Bank overdrafts (however, not available at the reporting date (2025: Nil))

34. FAIR VALUE MEASUREMENT (Contd...)

34.2 Financial instruments by category

As at 31 March 2026	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income
Financial Assets	**Rs.**	**Rs.**	**Rs.**
Trade and Other Receivables	-	941,006,877	-
Amounts due from Related Companies	-	77,515,012	-
Cash and Cash Equivalents	-	344,530,065	-
Total Financial Assets	-	1,363,051,954	-
Financial Liabilities			
Trade and Other Payables	-	721,677,073	-
Lease Liabilities	-	125,314,678	-
Amounts due to Related Companies	-	214,381,813	-
Total Financial Liabilities	-	1,061,373,564	-

As at 31 March 2025	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income
	Rs.	**Rs.**	**Rs.**
Financial Assets			
Trade and Other Receivables	-	1,008,611,885	-
Amounts due from Related Companies	-	34,960,047	-
Cash and Cash Equivalents	-	203,984,146	-
Total Financial Assets	-	1,247,556,078	-
Financial Liabilities			
Trade and Other Payables	-	916,211,592	-
Lease Liabilities	-	252,038,336	-
Amounts due to Related Companies	-	74,338,784	-
Total Financial Liabilities	-	1,242,588,712	-

34.3 Financial Instruments that are not Measured at Fair Value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables and lease payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values.

34.4 Financial Assets and Liabilities by Fair Value Hierarchy

The financial assets and liabilities of the Company are not separately measured at fair value and the carrying amount approximate fair value.

As at 31 March 2026	Level 1	Level 2	Level 3
	Rs.	**Rs.**	**Rs.**
Financial Assets	-	-	-
Financial Liabilities	-	-	-

As at 31 March 2025	Level 1	Level 2	Level 3
	Rs.	**Rs.**	**Rs.**
Financial Assets	-	-	-
Financial Liabilities	-	-	-

There were no transfers between levels of the fair value hierarchy during the reporting period.

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34. FAIR VALUE MEASUREMENT (Contd...)

34.5 Analysis of Financial Instruments by Measurement Basis

Financial Assets and Liabilities classified in accordance with SLFRS 9

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

As at 31 March 2026	Carrying Amount	
	Financial Assets at Amortized Cost	Other Financial Liabilities at Amortized Cost
	Rs.	Rs.
Financial Assets not Measured at Fair Value		
Trade and Other Receivables	941,006,877	-
Amounts due from Related Companies	77,515,012	-
Cash and Cash Equivalents	344,530,065	-
	1,363,051,954	-
Financial Liabilities not Measured at Fair Value		
Trade and Other Payables	-	721,677,073
Lease Liabilities	-	125,314,678
Amounts due to Related Companies	-	214,381,813
	-	1,061,373,564

As at 31 March 2025	Carrying Amount	
	Financial Assets at Amortized Cost	Other Financial Liabilities at Amortized Cost
	Rs.	Rs.
Financial Assets not Measured at Fair Value		
Trade and Other Receivables	1,008,611,885	-
Amounts due from Related Companies	34,960,047	-
Cash and Cash Equivalents	203,984,146	-
	1,247,556,078	-
Financial Liabilities not Measured at Fair Value		
Trade and Other Payables	-	916,211,592
Lease Liabilities	-	252,038,336
Amounts due to Related Companies	-	74,338,784
	-	1,242,588,712

The Company does not have financial assets classified as fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) during the reporting period.

The carrying amounts disclosed above are consistent with the Statement of Financial Position.