

Annual Report 2023/2024



THE SWADESHI INDUSTRIAL WORKS PLC.
(Manufacturer and Marketer of Personal Care and Fabric Care Products)

Our Vision

To be the most sought after Sri Lankan Company providing preferred solutions for personal care and cleaning needs of customers in both local and selected international markets.

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Notice of Meeting

NOTICE IS HEREBY given that the Annual General Meeting of **The Swadeshi Industrial Works PLC** will be held at **Havelock City Club House, No. 324, Havelock Road, Colombo 6, on Friday the 20th September 2024 at 3.00 p.m.** for the following purposes: -

1. To resolve to receive and consider the Report of the Directors and the Audited Financial Statement of Accounts for the year ended 31st March 2024 and the Report of the Auditors thereon;
2. To resolve to declare that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to **Mrs. Amari Mandika Wijewardene** who has attained the retirement age stipulated in Section 210 of the said Act and who has attained the age of 74 years and that her re-appointment for another one year in terms of Section 211 of the said Act be approved and to Resolve to re-elect her as a Director of the Company in terms of the said Section 211;
3. To resolve to re-elect **Mr. Pravir Dhanoush Samarasinghe** who retires by rotation at the Annual General Meeting and has offered himself to be re-elected, as a Director;
4. To resolve to re-elect **Mr. Thusantha Wijemanna** who retires by rotation at the Annual General Meeting and has offered himself to be re-elected, as a Director;
5. To resolve to re-elect **Mr. Maria Innasimuthu Anthony Manievannan** who, having been appointed as a Director of the Company by the Board of Directors to fill a casual vacancy and retires in terms of Rule 96 of the Articles of Association of the Company, has offered himself to be re-elected as a Director of the Company;
6. To resolve to re-appoint **M/s. Ernst & Young, Chartered Accountants** as the Auditors of the Company and to authorize the Board of Directors to determine their remuneration;

7. To resolve to declare a first and final Dividend of Rs. 1.50 per share as recommended by the Board of Directors on 29th July 2024; and

8. To consider any other business of which due notice has been given.

By order of the Board
for and on behalf of

THE SWADESHI INDUSTRIAL WORKS PLC



M & A Company Secretaries (Private) Limited
Secretaries to the Company

No. 28 (Level 2),
W.A.D. Ramanayake Mawatha,
Colombo 02.

06th August 2024

Corporate Information

Name of the Company

The Swadeshi Industrial Works PLC

Legal Form

A Quoted Public Company
with limited liability incorporated
in Sri Lanka in 1941

Stock Exchange Listing

The ordinary shares of the Company are listed on the
Colombo Stock Exchange of Sri Lanka.

Registered Office

No 57,
Colombo Road
Kandana

Factory & Office

No 57,
Colombo Road
Kandana

Secretaries

M & A Company Secretaries (Private) Ltd.

No. 28(Level 2)
W.A.D Ramanayake Mawatha,
Colombo 02

Auditors

Messrs Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road,
P.O. BOX 101
Colombo 03

Lawyers

Messrs D L & F De Saram
Attorney- at Law & Notaries Public
No 47, Alexandra Place
Colombo 07

Bankers

Peoples Bank
Commercial Bank of Ceylon PLC
Nations Trust Bank PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC.

Director's Profile

Board of Director

Mrs.A.M. Wijewardene (Chairperson)

Mrs. A.M. Wijewardene has over 39 years of Commercial, General Management and export businesses.

Mrs.C.S.M.Samarasinghe (Managing Director/Deputy Chairperson)

Mrs. Samarasinghe holds a BA Honours Degree and a Masters Degree from the University of Hull United Kingdom. She has more than 21 years of experience in General Management and Supply Chain Management and functions as Managing Director/ Deputy Chairperson of the Swadeshi Industrial Works PLC and its subsidiaries

Mr.V.M.J.A.Perera (Non Executive Director) (Resigned with effect from 29th July 2024)

Mr. Perera is a member of the Institute of Incorporated Engineers, Sri Lanka. He has more than Forty years experience in Mechanical Engineering, including General Management experience in Manufacturing and Factory Management.

Mr.P.D. Samarasinghe (Non Executive Director)

Mr. Samarasinghe has over 35 years of professional and commercial experience and serves on the Board of Directors of several publicly listed and unlisted corporates. Mr. Samarasinghe was the Past Chairman of the Sri Lanka Institute of Directors, Employers' Federation of Ceylon, Industrial Association of Sri Lanka, Condominium Developers Association of Sri Lanka and EFC Affiliated Group of Companies. He was the Past President of the Chartered Institute of Management Accountants Sri Lanka Division and former Council Member, CIMA (UK). He served as a Board member of the Ceylon Chamber of Commerce and Sri Lanka Accounting and Auditing Standards Monitoring Board.

Mr. Samarasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants UK and holds a Master's Degree in Business Administration.

Mr.Thusantha Wijemanna (Non Executive Independent Director)

Mr. Wijemanna obtained the Bachelor of Laws degree (LLB) with first class Hons from the University of Colombo and Master of Laws Degree (LLM) from the University of London. He is an Attorney-at-Law, Notary Public and a Commonwealth and Chevening scholar of the United Kingdom. He is a Fellow of the Institute of Advance Legal studies, London, a Council member of the Open University of Sri Lanka and a Director of Sanasa Development Bank. Formerly, he was General Counsel of DFCC Bank, Legal Adviser to the Ministry of Foreign Affairs in Colombo and Director General of SAARC Arbitration Council in Islamabad. He was also Chairman of the National Institute of Business Management (NIBM) and Association of Corporate Lawyers, Sri Lanka. He counts over Forty years of experience as a Lawyer, Administrator and Banker.

Mr. Hugh Kavinda Dias - Abeyesinghe (Non Executive Independent Director)

Mr. Abeyesinghe is an Honours Graduate in Law from the University of Hull, England, a Barrister of the Middle Temple, England and an Attorney-at-Law. Holds a Master's Degree in International Relations from the University of Colombo. A Senior Counsel with over 30 years of experience in Civil Litigation in the original and Appellate Courts of Sri Lanka who specialises in Banking and Commercial Law.

Mr. M.I.A Manievanan (Non Executive Independent Director) (Appointed with effective from 29th July 2024)

Mr. Manievanan is the Managing Partner of Manievanan & Co., and Elizinn & Co., (Chartered Accountants) established in 2003 and 2006 respectively. He is the Precedent Partner of Saverimuttu & Co., a pioneering Firm of Chartered Accountants established in 1932. He is an Associate of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. Having commenced his accounting and auditing career in 1994 with M/s. Kreston MNS & Co., (Chartered Accountants), he counts over 25 years of experience in finance and accounting. Presently he provides advisory services in Auditing, Tax planning, Business re-structuring, Outsourcing and Compliance.

Chairperson's Review

It is with pleasure that I present the Annual Report and Audited Financial Statements of The Swadeshi Industrial Works PLC for the year ended 31st March 2024. Please find below a brief review of the commercial environment in which the Company operated and the performance of the Group during the period under review.

External Environment

The economic landscape in Sri Lanka during the past year has been challenging, characterized by fluctuating consumer spending, supply chain disruptions, and inflationary pressures. Despite these hurdles, Sri Lanka's gradual economic recovery has been supported by considerable agricultural output, foreign remittances and a rebound in the tourism sector, which together provided some relief to the broader economy.

Corporate Performance

The group turnover decreased by 1.6% to record Rs 4,743 Mn for the year ended 31st March 2024. This turnover decline was primarily due to a significant decrease in household consumption caused by a depletion of disposable income and price reductions. The group recorded an operating profit of Rs 240 million for 2023/2024, compared to Rs 384 million in the prior year. The Profitability decreased mainly due to the lower turnover and increased operating expenses during the year. The group profit before tax decreased to Rs 190 Mn for 2023/2024, compared to Rs. 256 million in 2022/2023.

Future

Looking ahead, we remain cautiously optimistic about the future. While we anticipate continued economic challenges, we are confident in our ability to adapt and thrive. Our focus will remain on expanding our product portfolio, innovating our existing product range, enhancing our distribution network, and deepening our engagement with consumers. Our strategic priorities will include exploring new growth avenues, both locally and internationally, while maintaining our commitment to operational excellence and ethical business practices.

Acknowledgement

I extend my sincere appreciation to our valued customers and business partners for their continued loyalty, support and cooperation.

I wish to thank the members of the Board and Management team for their contribution and the Shareholders for the display of confidence.



A.M Wijewardene (Mrs)
Chairperson
31st July 2024

Risk Management Report

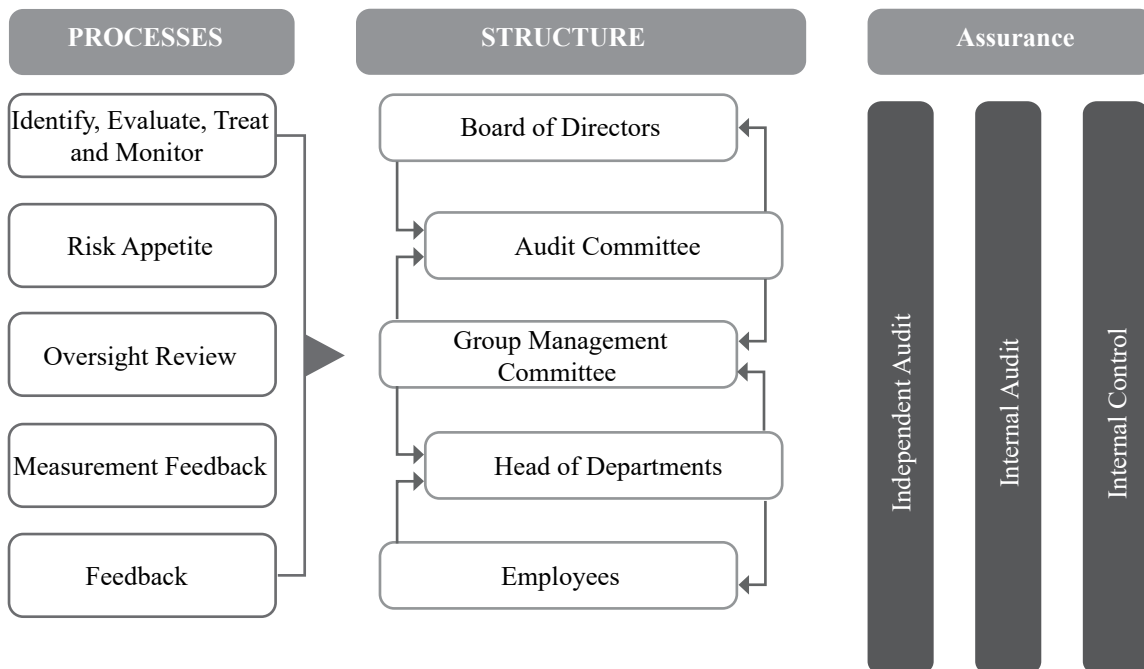
ENTERPRISE RISK MANAGEMENT PROCESS

Overview

Risk arises in all our business activities. Risk, in our context, is the component, which has the potential to negatively affect business or an organization. Its' significance is measured in terms of the probability of occurrence. Therefore, an integrated risk management framework has become a mandatory existence, which provides the guideline for managing risks. Managing risk is a key aspect of the Board's stewardship obligations and a component of the 'performance' dimension of Enterprise Governance.

RISK MANAGEMENT FRAMEWORK

A risk cannot be viewed in isolation as it is interconnected, and one aspect might give rise to various other factors. The Swadeshi Industrial Works PLC group has a structured risk management process to address different risk categories: Strategic, Operational, Compliance and Financial. The Board is responsible for ensuring effective risk management and recognizes that the proper management of risk is a core leadership function that must be practiced throughout the Organization. Internal Audit process coordinates the identification and documentation of control risk areas throughout the Group, enhancing the risk management system and monitoring its effectiveness at regular intervals.



The risk management framework illustrates our approach to risk management, reflecting the risk management process, the structure in place to administer the process and sources of comfort with regard to its effectiveness.

In addition, during the year-end, the External Auditor issues a Management Letter and informs the Group Management Committee, Audit Committee and the Board of Directors of the outcome of these evaluations. These outcomes are taken into account in the continuing enhancement of our risk management system. Further the Audit Committee constantly evaluates risk, its impact and measures taken to manage risk. The principal aim of the Group's risk management governance structure and system of Internal Control is to manage business and operational risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. We have put in place a number of key policies, processes and independent controls to provide assurance to the Board on the integrity of our reporting and effectiveness of our systems of Internal Control and risk management.

Corporate Governance

The Board of Directors of Swadeshi Industrial Works PLC is committed to maintain high standards of Corporate Governance.

The Directors recognize Corporate Governance as the systems employed to manage the business and affairs of the Company towards enhancing the objective of realizing Shareholder value, whilst taking into account the interest of all Stakeholders. This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

The Board and its Operations

The Board of Directors of The Swadeshi Industrial Works PLC comprise six Directors. The Chairperson and the Managing Director are Executive Directors of the Company. The other four Directors are Non-Executive Directors of whom two are Independent Directors. Non-Executive Directors of the Company have made declarations of their independency or non-independency.

During the year the Board met on 12 occasions. Prior to each meeting, the Directors were provided with all relevant management information and background material relevant to the Agenda to enable informed decisions. Board Papers are submitted in advance on group performance, capital Investments, working capital and other issues which require specific Board approval.

The Board is responsible for:

- Providing leadership, formulating, reviewing and monitoring the implementation of business strategy and policy;
- Ensuring compliance with statutory regulations; Reporting on their stewardship to the shareholders; Managing risks;
- Approving annual capital and operating budgets and reviewing performance against budgets;

- Approving the interim and final financial statements of the Group; and
- Determining and recommending dividends for the approval of the shareholders.

Sub Committees of the Board

In compliance with the requirement of the Code of Best Practice, the Board has delegated responsibilities to four Board Sub Committees which operate within clearly defined terms of reference.

Audit Committee

The Audit Committee comprises of three Directors namely Mr. Thusantha Wijemanna, Mr. Hugh Kavinda Dias - Abeyesinghe and Mr. Pravir Samarasinghe and two of its members i.e. Mr. Hugh Kavinda Dias Abeyesinghe and Mr. Thusantha Wijemanna are Independent Directors. The Managing Director, Chief Executive Officer and the Finance Manager attend meetings on invitation.

The Audit Committee Report at page 11 describes the activities carried out by the Committee during the financial year.

Corporate Governance

Remuneration Committee

The members of the Remuneration Committee comprises of three Non-Executive Directors namely, Mr Mahinda Perera, Mr. Thusantha Wijemanna and Mr. Hugh Kavinda Dias - Abeyesinghe. Two of its members are Independent Directors.

The Report of the Remuneration Committee is on page 13 which highlights its main activities.

Nomination and Governance Committee

Nomination and Governance Committee comprises of three members namely Mr.Thusantha Wijemanna, Mr. Hugh Kavinda Dias - Abeyesinghe and Mr. Pravir Samarasinghe and two of its members i.e. Mr. Hugh Kavinda Dias - Abeyesinghe and Mr. Thusantha Wijemanna are Independent Directors. The Managing Director and Chief Executive Officer attend meetings on invitation. Nomination and Governance Committee Report on page 15 describes the activities carried out by the Committee during the financial year.

The Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) comprises of three members namely Mr. Hugh Kavinda Dias - Abeyesinghe, Mr.Thusantha Wijemanna and Mr. Pravir Samarasinghe and two of its members i.e. Mr. Hugh Kavinda Dias - Abeyesinghe and Mr. Thusantha Wijemanna are Independent Directors. The Managing Director and Finance Manager attend meetings on invitation. The Related Party Transactions Review Committee Report on page 14 describes activities carried out by the committee during the year .

Internal Controls

The Board is responsible for instituting effective Internal control systems to safeguard the assets of the Company, and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes controls including financial, operational and risk management.

Internal Audits are carried out by external Chartered Accountancy firms to ensure control systems are appropriately maintained. The findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board of Directors.

A budgetary control system is in place, in which annual budgets identifying the critical parameters and functional objectives, are prepared and approved by the Board at the commencement of a financial year, and its achievement monitored through a monthly management reporting system.

Compliance

The financial statements of the Group are prepared in compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. Financial statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to Shareholders quarterly. The Board of Directors, to the best of their knowledge and belief are satisfied that all statutory payments have been made up to date.

Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the financial statements. After careful review of the financial position and cash flow status of the Group, the Board of Directors believe that the Group has adequate resources to continue in operation for the foreseeable future.

Corporate Governance

CSE Rules on Corporate Governance Section 9

Colombo Stock Exchange Criteria	Status of The Swadeshi Industrial Works PLC
Non Executive Directors	In Compliance
Independent Directors	In Compliance
Remuneration Committee	In Compliance
Audit Committee	In Compliance
Related Party Transactions Review Committee (RPTRC)	In Compliance
Nomination and Governance Committee	In Compliance

Name of Director	Executive	Non executive	Independent
Mrs. A.M.Wjewardene	✓		
Mrs. C.S.M.Samarasinghe	✓		
Mr. V.M.J.A. Perera		✓	
Mr.Thusantha Wijemanna		✓	✓
Mr. P.D.Samarasinghe		✓	
Mr. Hugh Kavinda Dias - Abeyesinghe		✓	✓

Corporate Governance

Number of Board Meetings during the year

The Company had 12 Board Meetings during the financial year

Names of the Directors	Status	Board Attendance
Mrs.A.M. Wijewardene - Chairperson	Executive	12/12
Mrs.C.S.M Samarasinghe - Director	Executive	12/12
Mr. P.D Samarasinghe - Director	Non-Executive	11/12
Mr. V.M.J.A. Perera - Director	Non-Executive	12/12
Mr. Thusantha Wijemanna, AAL - Director	Non-Executive & Independent	10/12
Mr. Hugh Kavinda Dias- Abeysinghe - Director	Non-Executive & Independent	12/12

Number of Audit Committee Meetings

The Company had 4 Audit Committee Meetings during the year

Names of the Directors	Status	Committee Attendance
Mr. Hugh Kavinda Dias – Chairman of the Committee	Non-Executive & Independent	4/4
Mr. P.D Samarasinghe - Director	Non-Executive	4/4
Mr. Thusantha Wijemanna - Director	Non-Executive & Independent	4/4

Number of Nomination and Governance Committee Meetings

The Company had a Nomination and Governance Committee Meeting during the year

Names of the Directors	Status	Committee Attendance
Mr. Hugh Kavinda Dias – Chairman of the Committee	Non-Executive & Independent	1/1
Mr. Thusantha Wijemanna - Director	Non-Executive & Independent	1/1
Mr. P.D Samarasinghe - Director	Non-Executive	1/1

Number of Related Party Transactions Review Committee Meetings

The Company had 4 RPTRC Meetings during the year

Names of the Directors	Status	Committee Attendance
Mr. Hugh Kavinda Dias – Chairman of the Committee	Non-Executive & Independent	4/4
Mr. Thusantha Wijemanna - Director	Non-Executive & Independent	4/4
Mr. P.D Samarasinghe - Director	Non-Executive	4/4

Number of Remuneration Committee Meetings

The Company had a Remuneration Committee Meeting during the year

Names of the Directors	Status	Committee Attendance
Mr. V.M.J.A. Perera - Chairman	Non-Executive	1/1
Mr. Thusantha Wijemanna - Director	Non-Executive & Independent	1/1
Mr. Hugh Kavinda Dias – Director	Non-Executive & Independent	1/1

Report of the Audit Committee

The Audit Committee Comprises of the following members :

Mr.Hugh Kavinda Dias - Abeyesinghe - Chairman - Independent Director
Mr.Thusantha Wijemanna - Independent Director
Mr.Pravir Samarasinghe - Non Executive Director

The Chairman of the Committee is a Barrister and an Attorney at Law. Mr. Thusantha Wijemanna is also an Attorney-at-Law. Mr Pravir Samarasinghe is a Fellow Member of the Institute of Chartered Accountant of Sri Lanka and Chartered Institute of Management Accountants United Kingdom.

The Managing Director, Chief Executive Officer and Finance Manager are invited, if deemed necessary, for Audit Committee meetings.

The purpose of the Audit Committee is to assist the Board in fulfilling its overall responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's processes for monitoring compliance with laws and regulations.

The principal activities of the Committee during the year are detailed below.

Meetings:

The Audit Committee conducted four meetings during the year under review.

Financial Reporting

The Committee reviewed the Quarterly & Annual Financial Statements and Annual Report prior to publication to ensure such Statements are prepared in accordance with the Sri Lanka Accounting Standards and other provisions.

Internal Audit

The Internal Audit program were reviewed by the Committee to ensure that an effective Internal Control System is in place to safeguard the Company's Assets and the reliability of the Company's Financial Statements. These Internal Audit programs were implemented through external Chartered Accountancy firms and the Internal Audit Reports were reviewed and explanations obtained from the Management.

Working Capital and Treasury management were monitored.

Risk Management

The company has adopted an enterprise risk management methodology to assess the potential risk exposure to each of the Group Companies. (Please refer note No.25 to the Financial Statements on the risk management objectives and policies)

Internal Controls

During its Meetings, the Committee reviewed the effectiveness of the internal control systems and the Group's exposure to business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of financial statements. A Budgetary control and monitoring system is implemented.

Conclusion

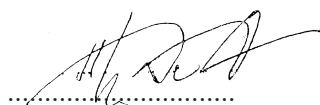
The Committee having given due consideration to the nature of the services provided by the Auditors and the level of audit services provided by the Auditors to The Swadeshi Industrial Works PLC and the audit fees charged by them, are satisfied of the Independence of the External Auditors. The Committee also noted that the External Auditors have no conflict of interest that had arisen during the year ended 31st March 2024 and hence the independence of the External Auditors has not been impaired. The fees paid to the Auditors are shown under page No 20.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries. The Auditors also do not have any interest in the Company or its subsidiaries as required by Section 168 (1) (j) of the Companies Act No. 7 of 2007.

The Committee also noted the arrangements made by the Auditors to maintain their independence.

Report of the Audit Committee

The Audit Committee recommended to the Board of Directors that M/s Ernst & Young, Chartered Accountants be re-appointed as auditors of the Company for the financial year ending 31st March 2024, subject to the approval of the shareholders at the Annual General Meeting. The recommendation was made upon the confirmation obtained from the Auditors on their compliance with the independent guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

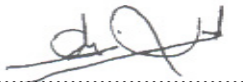


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Mr. Hugh Kavinda Dias - Abeyesinghe
Chairman
31st July 2024

Report of the Remuneration Committee

The Remuneration Committee comprises of three Non-Executive Director's namely, Mr. Mahinda Perera, Mr. Thusantha Wijemanna and Mr. Hugh Kavinda Dias - Abeyesinghe. Two of its members are Independent Directors. The Committee is responsible for recommending the policy of remuneration for the Executive Directors and Senior Management.

The Committee took into consideration the Company, Group and employee performance in determining the overall remuneration policy.



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Mr. Mahinda Perera
Chairman
31st July 2024

Report of the Related Party Transactions Review Committee (RPTRC)

The Related Party Transactions Review Committee (RPTRC) comprises of the following members;

Mr. Hugh Kavinda Dias - Abeyesinghe - Chairman
Independent Director
Mr.Thusantha Wijemanna – Member
Independent Director
Mr.Pravir Samarasinghe – Member
Non Executive Director

The Chairman of the Committee is a Barrister and an Attorney at Law. Mr.Thusantha Wijemanna is an Attorney-at-Law. Mr Pravir Samarasinghe is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants United Kingdom.

The Managing Director & Finance Manager are invited if deemed necessary for Related Party Transactions Review Committee meetings.

Objective of the Committee

The objective of the Committee is to ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions, in compliance with the provisions of the Code of Best Practice and Listing Rules. Further the Committee takes certain measures to prevent Directors, Chief Executive Officers or substantial Shareholders taking advantage of their positions.

Role and Responsibilities

The mandate of the Committee is derived from the Code of Best Practice and the Listing Rules and includes mainly the following:

- Developing and maintaining a related party transactions policy consistent with the provisions of the Code of Best Practices and the Listing Rules.
- Reviewing all proposed Related Party Transactions (“RPT”) to ensure compliance with the provisions of the Code of Best Practice and the Listing Rules.
- Advising the Board of Directors on making immediate market disclosures and disclosures in the Annual Report

where necessary, in relation to non-recurrent and recurrent related party transactions.

- Setting guidelines for senior management to follow in such circumstances.

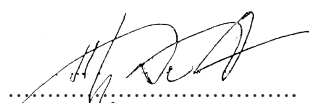
Activities during the year

The Committee held meetings every quarter and reviewed all Related Party Transactions of the Company in order to ensure that those transactions have taken place in accordance with the guidelines established by the Committee in compliance with the Code of Best Practice and Listing rules. The Committee was satisfied that the transactions are on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders. The minutes of the meetings are tabled at Board meetings.

It was noted that, during the financial year there were no Non-Recurrent Related Party Transactions where the aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower. Recurrent Related Party Transactions where the aggregate value exceeds 10% of the gross revenue income is given in Note.23 to the Audited Financial Statements for the year ended 31st March 2024. Thus, shareholder approval by way of a Special Resolution or immediate disclosure was not required.

The Board of Directors confirmed that the related party transactions are in compliance with the Code of Best Practices and the Listing Rules.

All related party transactions for the year ended 31st March 2024 are disclosed in the Financial Statements.



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Mr. Hugh Kavinda Dias Abeyesinghe
Chairman
31st July 2024

Report of the Nomination and Governance Committee

The Nomination and Governance Committee comprises of the following members;
Mr. Hugh Kavinda Dias - Abeyesinghe - Chairman
Independent Director
Mr.Thusantha Wijemanna – Member
Independent Director
Mr.Pravir Samarasinghe – Member
Non Executive Director

The Chairman of the Committee is a Barrister and an Attorney at Law. Mr.Thusantha Wijemanna is an Attorney-at-Law. Mr Pravir Samarasinghe is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants United Kingdom.
Managing Director & Chief Executive Officer are invited if deemed necessary for Nomination and Governance Committee meetings.

Objective of the Committee

The objective of the Committee is to establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee, in compliance with the provisions of the Code of Best Practice and Listing Rules.

Role and Responsibilities

The mandate of the Committee is derived from the Code of Best Practice and the Listing Rules and includes mainly the following:

- Evaluate the appointment of Directors to the Board of Directors and its Committees, ensuring the required expertise and succession.
- Consider and recommend (or not recommend) the re-appointment/ re-election of current Directors based on the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company, the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re-appoint Directors of the Company.

- Establish and maintain a set of criteria for selection of Directors such as the academic/ professional qualifications, skills, experience, and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific Requirements.

- Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged
- Develop a succession plan for the Board of Directors and Key Management Personnel of the Company.

- Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.

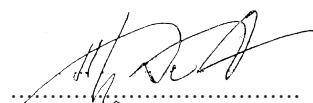
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices.

- Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

Activities during the year

The Committee held a meeting and reviewed all Related Nomination & Governance of the Company in order to ensure that those are in compliance with the guidelines established by the Committee & with the Code of Best Practice and The Listing rules. The Committee evaluated the Audit Committee Chairperson's qualification as per the requirements of Rule 9.13.3. (7) of The Listing Rules of the Colombo Stock Exchange which is effective from 01st October 2024 & recommended accordingly. The minutes of the meetings are tabled at Board meetings.

All appropriate Nomination and Governance requirements for the year ended 31st March 2024 are disclosed in the Financial Statements.



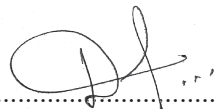
Mr. Hugh Kavinda Dias Abeyesinghe
Chairman
31st July 2024

Group Chief Executive Officer's and Group Finance Manager's Responsibility Statement

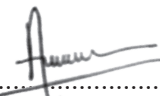
The Consolidated Financial Statements of The Swadeshi Industrial Works PLC are prepared in compliance with Sri Lanka Financial Reporting Standards/SLFRS issued by the Institute of Chartered Accountants of Sri Lanka, The Companies Act No 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The Accounting Policies used in the preparation of the Consolidated Financial Statements are appropriate and are consistently applied by the Company (material deviations, if any, have been disclosed and explained in the Notes to the Consolidated Financial Statements). There are no deviations from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee. The Board of Directors, the Audit Committee and the Group Finance Manager of the Company accept responsibility for the integrity and objectivity of these Consolidated Financial Statements. The estimates and judgments relating to the consolidated Financial Statements were made on a prudent and reasonable basis, in order that the Consolidated Financial Statements reflect in a true and fair manner, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Subsidiaries' Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting. The Consolidated Financial Statements of the Company

were audited by Messrs, Ernst & Young, Chartered Accountants and their report is given at page 22 of this Annual Report. The Audit Committee of the Company meets periodically with the Internal Audit team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance. The Audit Committee pre-approves the audit and non-audit services provided by our External Auditors Messrs, Ernst & Young in order to ensure that the provision of such services does not impair the External Auditor's independence. We confirm that the Company has complied with all applicable laws and regulations and guidelines and that there are no material litigation that is pending against the Company other than those disclosed in the Financial Statements in this Annual Report.



.....
Mr. Iraj Ambegoda
Group Finance Manager
31st July 2024



.....
Mr. Amila Udawatte
Group Chief
Executive Officer
31st July 2024

Annual Report of the Board of Directors

The Annual Report of The Board of Directors

The Board of Directors of The Swadeshi Industrial Works PLC take pleasure in presenting the Annual Report together with the audited financial statements of the Group and the Company, for the year ended 31st March 2024.

About the Company

The Swadeshi Industrial Works PLC is a Public Company with limited liability incorporated on 18th December 1941 under the Company's ordinance No. 51 of 1938 and re-registered on 23rd April 2008 under the provisions of the Companies Act No. 7 of 2007 and assigned the Company re-registration number PQ 133. The Company shares are listed in the stock exchange since the year 1970. At present the company shares are listed in the Diri Savi Board.

Principal Activities of the Company

The principal activities of the Company continue to be manufacturing and marketing of toilet soap, laundry soap and personal care products during the year under review (as required by Section of the Companies Act 168 (1) (a). There have been no material changes to the activities of the Company or any of its subsidiaries during the period under review.

Review of operations

The Chairperson's review at page 05 describes the year's activities and future developments of the Company.

Future Developments

The Group intends to further strengthen its distribution and marketing activities and to enhance the product range to improve turnover and profitability.

Group Revenue

The gross turnover of the Group was Rs. 4,743 Mn. Trade between Group Companies is conducted at fair market prices.

Capital Expenditure

Capital expenditure on Property, Plant, Equipment and work-in-progress incurred during the year under review is disclosed under Note 11 to the financial statements. The value of property stated in the financial statements is not in excess of its current market values.

Taxation

The corporate income tax rate applicable to the Company was 30%. Details of the Group's exposure to taxation are disclosed in Note 10 to the financial statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs. 150,634,670/-. Details of the Stated Capital is given under Note 18 to the financial statements.

Financial Statements

The financial statements which include the statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statements and notes to financial statements are given at pages 26 to 30 and have been prepared in conformity with the Sri Lanka Accounting Standards and the requirement of Section 168(1) (b) of the Companies Act No 7 of 2007 and the listing rules of the Colombo stock exchange. The directors approved the financial statements on 31st July 2024

Auditors Report

The financial statements for the period under review were audited by Messrs Ernst & young, Chartered Accountants, for the year ended 31st March 2024 and the Independent Auditor's report issued thereon appears at page 22 of this Annual Report as required by section 168(1) (c) of the Companies act No. 7 of 2007.

Accounting policies and changes during the Year

The accounting policies adopted in the preparation of financial statements of the Company and the Group are given at Pages 31 to 48 of this annual report as required by Section 168(1) (d) of the Companies Act. There have been no changes in the accounting policies adopted by the Company during the period under review.

Annual Report of the Board of Directors

Directors' Remuneration and Other Benefits

Directors' fees and emoluments, in respect of the Group for the financial year ended 31st March 2024 is as follows,

	2023/2024	2022/2023
	Rs.	Rs
Directors' Fees and Emoluments	81,368,535	32,595,464

This is being disclosed as required by Section 168(1) (f) of the Companies Act No. 7 of 2007.

Directors' Interest in Contracts

The Company maintains an Interest Register as required by Section 168(1) (e) the Companies' Act No. 07 of 2007. Information pertaining to Directors' Interest in contracts and decisions on emoluments are disclosed in the Interest Register.

Directors' interest in contracts in relation to transactions with related entities, transactions with key management personnel and other related disclosures are stated in Note 23 (Related Party Disclosures) to the financial statements. In addition, the Company carried out transactions in the ordinary course of business with Group Entities having one or more Directors in common. The Directors have no direct or indirect interest in any other contracts.

The Company and its subsidiaries carried out transactions in the ordinary course of its business at commercial terms with the following entities during the year.

Name Of Related Undertaking	Details	2023/2024 (Rs.)	2022/2023 (Rs.)
Sedawatte Group	Transport and vehicle Hiring Charges	14,260,530	10,445,027

Directors

The names and profile of the Directors of the Company who served on the Board during the financial year are shown at page 04. There were no new appointments or resignations to the Board during the financial year under review. This is being disclosed as required by section 168(1) (h) of the Companies Act No. 7 of 2007.

Recommendations for Re-election

Mr. Pravir Dhanoush Samarasinghe and Mr. Thushantha Wijemanna, directors who retire by rotation being eligible, are recommended for re-election.

In accordance with Section 211 of the Companies Act No.07 of 2007 Mrs. Amari Mandika Wijewardene who has attained 74 years of age and being eligible, offers herself for re-election.

To The Board appoint Mr. Anthony Manievannan as a Director effective from 29th July 2024, upon the resignation of Mr. V.M.J.A Perera who had served on the Board for 29 years.

Annual Report of the Board of Directors

Directors' Shareholding

The shareholding of the Directors as at the end of the year is given below.

	As at 31/03/2024	As at 31/03/2023
Mrs. A.M. Wijewardene – Director	2,298	2,298
Mr. P.D Samarasinghe - Director	109	109
Mr. V.M.J.A. Perera - Director	86	86
Mr. Thusantha Wijemanna - Director	-	-
Mrs. C.S.M Samarasinghe - Director	50,388	50,388
Mr. Hugh Kavinda Dias - Abeyesinghe - Director	01	01

Board Committees

The Board has appointed four Sub-Committees namely, the Audit Committee, the Remuneration Committee, Nomination and Governance Committee and Related Party Transactions Review Committee (RPTRC). Their composition and report are given at pages 10 to 15 of the annual report.

Donations

During the financial year, the Company has not made any donations. This is being disclosed as required by Section 168(1) (g) of the Companies Act No. 7 of 2007.

Events Subsequent to the Balance Sheet Date

There have not been any material events that have occurred subsequent to the balance sheet date that require disclosure or adjustments to the financial statements, other than those disclosed, if any, under Note 27 to the financial statements.

Corporate Governance / Internal Control

The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control. The practices implemented by the Company in relation to internal controls are explained in the report of corporate governance at Page 07 to 10 of this report. The Board is satisfied with the effectiveness of the system of internal control for the period up to date of signing the financial statements.

Directors' Responsibility for Financial Reporting

The statement on directors' responsibility for financial reporting of the Company and the Group is set out at page 17 of this report.

Compliance With Other Laws & Regulations

The Group has not engaged in any activity contravening the laws and regulations applicable in Sri Lanka. Financial statements are published quarterly and is in line with the listing rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders on a quarterly basis.

Employment Policies

The Company's employment policy is totally non-discriminatory and equal opportunities are given to all employees irrespective of ethnic, race, origin, religion, political opinion, gender or marital status. The Company applies 'equal opportunity policy' ensuring that all decisions are based on merit and qualification. Further the employment policies are designed to attract talent, train and develop required skills and retain such persons for the benefit of the Group, Salaries are usually adjusted to reflect the Company and employee performance.

The employees are always encouraged to discuss issues relating to operations and to make suggestions to improve performance.

Annual Report of the Board of Directors

Details of material issues pertaining to employees and Industrial relations of the Entity

The Company's Employment Policy is totally non discriminatory and equal opportunities are given to all employees irrespective of ethnic, race, origin, religion, political opinion, gender or marital status. The Company applies 'equal opportunity policy' ensuring that all decisions are based on merit and qualification. The employees are always encouraged to discuss issues relating to operations and to make suggestions to improve performance.

Company is compliance with Section 7.6-vii and there were no material issues pertaining to employees and industrial relations of the Entity.

Annual General Meeting

The Annual General Meeting will be held on 20th September 2024 at 3.00 pm at the Havelock city, Club house, No. 324, Havelock Road, Colombo 05. The notice of the annual general meeting is on Page 02 of this report.

Dividends

The Directors recommend a Dividend of Rs. 1.50/- per share for the financial year ended 31st March 2024.

Auditors

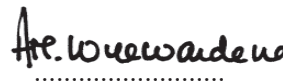
The financial statements for the year have been audited by Messrs Ernst & Young, Chartered Accountants. In accordance with the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors to the Company and authorizing the Directors to fix their remuneration will be proposed at the coming Annual General Meeting.

Group's Auditors for the period under review were Messrs Ernst & Young, Chartered Accountants. The following amounts were payable to them in respect the year of 2023/2024. This is being disclosed as required by section 168(1) (i) of the Companies Act No. 7 of 2007.

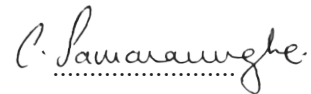
	Company Rs.	Group Rs.
Audit Fees	1,750,000/-	2,285,926/-
Non Audit Fees	275,000/-	425,000/-

Non Audit fees included in professional charges in Note No 09

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries other than those disclosed above. Auditors also do not have any interest in the Company or any of its Subsidiaries and this disclosure is being made as required by Section 168 (j) of the Companies Act No. 7 of 2007.


.....

Director


.....

Director


.....

M & A Company Secretaries (Private) Limited,

Secretaries to the Company

No. 28 (Level 2),

W.A.D. Ramanayake Mawatha,

Colombo 02.

31st July 2024

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Board of Directors of The Swadeshi Industrial Works PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, M/s. Ernst & Young, which are set out in their report, appearing at Page 22 of this Report.

The Directors confirm that the Financial Statements of the Company and its subsidiaries for the year ended 31st March 2024 have been prepared and presented in accordance with the Sri Lanka Accounting Standards, and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and applicable and relevant accounting standards have been used /followed in the preparation of the Financial Statements. The judgements and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Directors confirm their responsibility in ensuring that all companies within the Group maintain adequate accounting records, which are sufficient to prepare Financial Statements that disclose with reasonable accuracy, the financial position of the Company and its Group. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company and its Group as at 31st March 2024, and that of the profit for the year then ended. The Directors have instituted a system of internal control. This comprises Internal Audit and a system of financial and other controls required to carry on the business in an orderly manner, safeguard its assets and secure as far as practicable the accuracy and reliability of the financial records.


The Financial Statements of the company and the Group have been certified by the Finance Manager, the personal responsible for its preparation, as required by the Act. Financial Statements of the Company and the Group have been signed by two Directors on 07th August 2024 as required by Section 150(1) (c) and 152 (1) (c) of the Companies Act. Accordingly, the Board of Directors wish to confirm that they have complied with all the requirements of the Companies Act No.

07 of 2007 and have also met all the requirements under section 7 of the Listing Rules of the Colombo Stock Exchange. The Directors have adopted the 'going concern' basis in preparing the Financial Statements and the Directors are satisfied that the Company has adequate resources to continue in operation.

The Company's Auditors, M/s. Ernst & Young, Chartered Accountants have examined the Financial Statements together with all financial records and related data and express their opinion which appear as reported by them at page 19 of this report. In arriving at their opinion, they have carried out reviews and sample checks on the system of internal controls.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the Employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or where necessary provided for, in arriving at the financial result for the year under review.

By order of the Board



M & A Company Secretaries (Private) Limited,

Secretaries to the Company

No. 28 (Level 2),

W.A.D. Ramanayake Mawatha,

Colombo 02.

07th August 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SWADESHI INDUSTRIAL WORKS PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of The Swadeshi Industrial Works PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss, statement of 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 and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, 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 Group 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/)

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of fair value of Land and Buildings, Plant & Machinery</p> <p>Property, plant and equipment include land and buildings, plant & machinery carried at fair value. The fair values of land, buildings and plant & machinery were determined by an external valuer engaged by the Group</p> <p>This was a Key Audit Matter due to:</p> <ul style="list-style-type: none"> • Materiality of the reported fair value of land and buildings, plant & machinery which amounted to LKR 1.87 Bn representing 55% of the Group’s total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings, plant & machinery using the market approach and depreciated replacement cost approach <p>Key areas of significant judgments, estimates and assumptions in assessing the fair value of land and buildings, as disclosed in Note 12 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as,</p> <ul style="list-style-type: none"> • Estimate of per perch value of land • Estimate of per square foot value of the buildings • Estimate of the manufacturing capacity of plant & machinery • Estimated remaining useful life of plant & machinery 	<p>Our audit procedures included the following Key procedures;</p> <ul style="list-style-type: none"> • We assessed the competence, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer’s report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property, Plant & machinery. • Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer such as per perch value, per square foot value, manufacturing capacity, useful life of plant & machinery as relevant in assessing the fair value of each property, plant & machinery , respectively. <p>We have also assessed the adequacy of the disclosures made in note 12 to the financial statement.</p>

Other Information included in the 2023/24 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.

(Contd...3/)



Responsibilities of the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional 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 and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(Contd...4/)



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 7752.

07th August 2024
Colombo

STATEMENT OF PROFIT OR LOSS

Year Ended 31st March 2024

	Notes	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue	6	4,742,821,377	4,819,400,009	4,740,226,316	4,734,619,077
Cost of Sales		(2,351,486,799)	(2,813,124,895)	(2,354,729,558)	(2,813,196,988)
Gross Profit		2,391,334,578	2,006,275,114	2,385,496,758	1,921,422,089
Other Operating Income	7	29,204,680	13,724,395	28,692,182	13,666,522
Administrative Expenses		(861,836,011)	(605,035,469)	(860,268,922)	(601,666,520)
Selling and Distribution Expenses		(1,318,397,578)	(1,031,435,938)	(1,313,735,788)	(955,254,121)
Operating Profit		240,305,669	383,528,102	240,184,230	378,167,970
Finance Income	8	1,519,759	742,262	1,519,759	742,262
Finance Cost	8.1	(51,869,302)	(127,719,790)	(51,808,858)	(127,285,726)
Profit Before Tax	9	189,956,126	256,550,574	189,895,131	251,624,506
Income Tax Expense	10	(58,885,174)	(57,013,828)	(58,885,173)	(54,763,856)
Profit for the Year		131,070,952	199,536,746	131,009,958	196,860,650
Attributable to:					
Equity Holders of the parent		131,096,823	199,547,040		
Non-Controlling Interests		(25,871)	(10,294)		
		131,070,952	199,536,746		
Earnings Per Share - Basic	11	877.88	1,336.26	877.30	1,318.27

The accounting policies and notes on pages 31 through 66 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31st March 2024

	Notes	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit for the Year		131,070,953	199,536,747	131,009,958	196,860,650
Other Comprehensive Income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial Gain / (Loss) on Defined Benefit Plan	20.1	(8,647,487)	8,768,941	(8,647,487)	8,768,941
Income Tax Effect		-	-	-	-
		<u>(8,647,487)</u>	<u>8,768,941</u>	<u>(8,647,487)</u>	<u>8,768,941</u>
Revaluation of Land, Building and Plant & Machinery	19	168,427,554	85,337,375	154,395,679	77,936,375
Income Tax Effect		(46,725,576)	193,342,904	(42,510,750)	(183,407,717)
		<u>121,701,978</u>	<u>(108,005,529)</u>	<u>111,884,929</u>	<u>(105,471,342)</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>113,054,491</u>	<u>(99,236,588)</u>	<u>103,237,442</u>	<u>(96,702,400)</u>
Other Comprehensive Income/(Loss) for the year, net of tax		<u>113,054,491</u>	<u>(99,236,588)</u>	<u>103,237,442</u>	<u>(96,702,400)</u>
Total Comprehensive Income/(Loss) for the Year, Net of Tax		<u>244,125,444</u>	<u>100,300,158</u>	<u>234,247,400</u>	<u>100,158,250</u>
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		242,984,067	100,611,767		
Non-Controlling Interests		1,141,376	(311,609)		
		<u>244,125,444</u>	<u>100,300,158</u>		

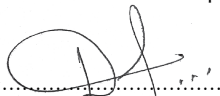
The accounting policies and notes on pages 31 through 66 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March 2024

	Notes	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
ASSETS					
Non-current Asset					
Property, Plant and Equipment	12	1,883,062,616	1,698,501,366	1,733,030,741	1,562,501,366
Right of Use	12	2,316,667	6,144,167	2,316,667	6,144,167
Intangible Assets	13	3,585,635	5,340,584	3,585,636	5,340,584
Investments in Subsidiaries	14	-	-	59,224,347	59,594,255
		<u>1,888,964,918</u>	<u>1,709,986,116</u>	<u>1,798,157,391</u>	<u>1,633,580,372</u>
Current Assets					
Inventories	16	656,652,465	904,430,369	656,652,465	904,430,369
Trade and Other Receivables	17	592,392,369	499,288,980	579,122,890	472,048,567
Advances and Prepayments		224,747,719	259,496,893	224,747,719	259,496,893
Cash and Bank Balances	22	68,364,338	31,849,530	67,489,892	30,116,169
		<u>1,542,156,891</u>	<u>1,695,065,773</u>	<u>1,528,012,966</u>	<u>1,666,091,998</u>
Total Assets		<u>3,431,121,809</u>	<u>3,405,051,889</u>	<u>3,326,170,357</u>	<u>3,299,672,370</u>
EQUITY AND LIABILITIES					
Equity					
Stated Capital	18	150,634,670	150,634,670	150,634,670	150,634,670
Retained Earnings		540,702,517	418,477,181	518,960,648	396,822,270
Revaluation Reserve	19	1,238,570,075	1,118,035,345	1,146,032,821	1,034,147,892
Equity attributable to Equity holders of the parent		<u>1,929,907,262</u>	<u>1,687,147,196</u>	<u>1,815,628,139</u>	<u>1,581,604,832</u>
Non-controlling Interests		12,316,698	11,175,322	-	-
Total Equity		<u>1,942,223,960</u>	<u>1,698,322,518</u>	<u>1,815,628,139</u>	<u>1,581,604,832</u>
Non-current Liabilities					
Interest Bearing Loans and Borrowings	15	1,079,605	3,272,921	1,079,605	3,272,919
Deferred Tax Liabilities	10	520,271,233	476,916,829	475,261,671	436,122,092
Retirement Benefit Liability	20	66,108,848	43,861,088	66,108,848	43,861,088
		<u>587,459,686</u>	<u>524,050,838</u>	<u>542,450,124</u>	<u>483,256,099</u>
Current Liabilities					
Trade and Other Payables	21	542,292,934	556,021,814	611,304,350	617,284,769
Income Tax Payable		62,868,637	49,520,124	60,511,152	45,596,176
Interest Bearing Loans and Borrowings	15	296,276,592	577,136,595	296,276,592	571,930,494
		<u>901,438,163</u>	<u>1,182,678,533</u>	<u>968,092,094</u>	<u>1,234,811,439</u>
Total Equity and Liabilities		<u>3,431,121,809</u>	<u>3,405,051,889</u>	<u>3,326,170,357</u>	<u>3,299,672,370</u>

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


Finance Manager

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


Director


Director

The accounting policies and notes on pages 31 through 66 form an integral part of these financial statements.

07th August 2024

Colombo

STATEMENT OF CHANGES IN EQUITY

Year Ended 31st March 2024

Group	Attributable to Equity Holders of the Parent				Total Rs.
	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Non controlling Interest Rs.	
Balance as at 01 April 2022	150,634,670	1,225,739,558	210,310,533	11,486,931	1,598,171,692
Profit for the Year	-	-	199,547,040	(10,294)	199,536,746
Other Comprehensive Income	-	(107,704,214)	8,768,941	(301,315)	(99,236,588)
Dividends	-	-	(149,333)	-	(149,333)
Balance as at 31 March 2023	<u>150,634,670</u>	<u>1,118,035,344</u>	<u>418,477,181</u>	<u>11,175,322</u>	<u>1,698,322,517</u>
Profit for the Year	-	-	131,096,823	(25,871)	131,070,952
Other Comprehensive Income	-	120,534,731	(8,647,487)	1,167,247	113,054,491
Dividends	-	-	(224,000)	-	(224,000)
Balance as at 31 March 2024	<u>150,634,670</u>	<u>1,238,570,075</u>	<u>540,702,517</u>	<u>12,316,68</u>	<u>1,942,223,960</u>
Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	
Balance as at 01 April 2022	150,634,670	1,139,619,233	191,342,012	1,481,595,915	
Profit for the Year	-	-	196,860,650	196,860,650	
Other Comprehensive Income	-	(105,471,341)	8,768,941	(96,702,400)	
Dividends	-	-	(149,333)	(149,333)	
Balance as at 31 March 2023	<u>150,634,670</u>	<u>1,034,147,892</u>	<u>396,822,177</u>	<u>1,581,604,739</u>	
Profit for the Year	-	-	131,009,958	131,009,958	
Other Comprehensive Income	-	111,884,929	(8,647,487)	103,237,442	
Dividend	-	-	(224,000)	(224,000)	
Balance as at 31 March 2024	<u>150,634,670</u>	<u>1,146,032,821</u>	<u>518,960,648</u>	<u>1,815,628,139</u>	

The accounting policies and notes on pages 31 through 66 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year Ended 31st March 2024

	Notes	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash Flows From Operating Activities					
Profit before Income Tax		189,956,126	256,550,574	189,895,131	251,624,506
Adjustments for					
Depreciation	12	26,817,303	26,945,011	26,817,303	26,945,011
Amortization	13	4,005,308	720,000	4,005,308	720,000
Bad Debt Provision Reversal/Charged	17.1	10,964,624	-	2,402,333	-
Finance Income	8	(1,519,759)	-	(1,519,759)	-
Finance Costs	8.1	51,869,302	127,719,790	51,808,858	127,285,726
Impairment of Investment in Subsidiaries	7.1	-	-	369,908	644,251
Provision for Retirement Benefit Liability		15,368,875	9,936,001	15,368,875	9,936,001
Provision for Slow Moving Inventories		14,570,115	16,510,110	14,570,115	16,510,110
Operating Profit before Working Capital Changes		312,031,894	438,381,486	303,718,072	433,665,606
(Increase) / Decrease in Inventories		233,207,790	(255,800,845)	233,207,790	(255,800,845)
Decrease / (Increase) in Trade and Other Receivables		(104,068,013)	(107,959,187)	(109,476,655)	(138,566,471)
Decrease / (Increase) in Advances and Prepayments		34,749,174	(163,569,451)	34,749,174	(163,569,451)
Increase / (Decrease) in Trade and Other Payables		(13,728,880)	179,892,998	(5,980,419)	206,243,152
Cash Generated from Operations		462,191,965	90,945,001	456,217,962	81,971,990
Finance Costs Paid	8	(51,869,302)	(127,719,790)	(51,808,858)	(127,285,726)
Defined Benefit Plan Costs Paid	20.1	(1,768,601)	(1,176,794)	(1,768,601)	(1,176,794)
Income Tax Paid		(48,907,839)	(32,579,330)	(47,341,465)	(32,579,330)
Net Cash from / Used in Operating Activities		359,646,223	(70,530,913)	355,299,038	(79,069,860)
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	12	(39,123,499)	(6,388,305)	(39,123,499)	(6,388,305)
Acquisition of Intangible Assets	13	(2,250,360)	-	(2,250,360)	-
Interest Income Received		1,519,759	-	1,519,759	-
Net Cash Flows (Used in) / from Investing Activities		(39,854,100)	(6,388,305)	(39,854,100)	(6,388,305)
Cash Flows from / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	15	825,912,807	1,644,178,120	825,912,807	1,644,178,120
Repayment of Interest Bearing Loans and Borrowings	15	(1,075,184,624)	(1,625,652,398)	(1,069,978,523)	(1,615,278,498)
Principal Payment under Lease Liabilities	24	(2,000,242)	(1,824,166)	(2,000,242)	(1,824,166)
Dividend Paid		(224,000)	(149,333)	(224,000)	(149,333)
Net Cash Flows from / (Used in) Financing Activities		(251,496,059)	16,552,222	(246,289,958)	26,926,122
Net (Decrease) / Increase in Cash and Cash Equivalents		68,296,064	(60,366,994)	69,154,980	(58,532,042)
Cash and Cash Equivalents at the Beginning of the Year	22	(137,256,820)	(76,889,825)	(138,990,180)	(80,458,138)
Cash and Cash Equivalents at the End of the Year	22	(68,960,756)	(137,256,819)	(69,835,200)	(138,990,180)

The accounting policies and notes on pages 31 through 66 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

1. REPORTING ENTITY

The Swadeshi Industrial Works PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the company are listed on the Colombo Stock Exchange of Sri Lanka.

The registered office and the principal place of business both are located at No. 57, Colombo Road, Kandana.

The Consolidated Financial Statements of the Company for the year ended 31 March 2024 comprise "The Company" referring to The Swadeshi Industrial Works PLC as the holding company and "The Group: referring to the companies whose accounts have been consolidated there in.

Principal Business Activities, Nature of operations of the group and ownership by the parent Company in its Subsidiaries

The Swadeshi Industrial Works PLC - The Company carries the manufacturing and selling of toilet soap, laundry soaps, detergents and personal care products

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activity	County of Incorporation	% of Equity Interest	
			2024	2023
The Swadeshi Chemicals (Pvt) Ltd.	Directly selling products manufactured by The Swadeshi Industrial Works PLC to the Institutional Customers.	Sri Lanka	99.99	99.99
Ceylon Plastics Ltd.	Dormant Company	Sri Lanka	88.11	88.11
The Swadesh Marketing (Pvt) Ltd.	Dormant Company	Sri Lanka	100.00	100.00

Ultimate Parent Entity

The Swadeshi Industrial Works PLC, does not have an identifiable parent of its own. Swadeshi Industrial works PLC is the ultimate parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL), and with the requirements of the Companies Act No. 7 of 2007.

The financial statements were authorised for issue by the Directors on 07th August 2024.

2.2 Basis of Measurement

The Financial Statement of the Company and the Group have been prepared on the historical cost basis except for the land & buildings and plant machineries stated at revalued amounts (Note 12). Retirement benefits obligations are measured at the present value of the defined benefit plans as explained in the respective notes to the Financial Statements

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

2.3 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Management has assessed the ability of the Group to continue as a going concern with considered the potential negative impact that the current economic conditions could bring to the business operation of the Group. Group will be able to maintain operations Healthy with profitable and strong liquidity position under current economic crisis and the circumstances surrounding volatility of the external environment, availability of stable external funding sources, defensive cashflows and the initiatives taken to strengthen risk monitoring, the Management is satisfied that the going concern basis is appropriate.

The Board believes that the Group has the adequate financial strength, resources, and business plans to continue to operate the business as a going concern for the foreseeable future by mitigating the risks arising from the current economic conditions. Therefore, the Board is of the view that the Financial Statements for the year ended 31 March 2024 should be prepared and presented as a going concern.

2.4 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year. However such re-classifications did not change the net profit or the retained earnings of the prior year.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of Consolidation

The Group's Financial Statements at 31st March 2024 comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements'.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of Subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee.

3.1.3 Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Subsequently, profit or loss and each component of Other Comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

3.1.4 Loss of Control

When the Group loses control over subsidiary derecognises the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in the Profit or Loss. Any interest retains in the previous Subsidiary, is measured at fair value as at the date that control is lost.

3.1.5 Transactions Eliminated on Consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

3.2 Assets and Bases of their Valuation

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in 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 equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in 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 Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Fair value measurement

The Group measures land & Building and plant & machineries at fair value. Fair value related disclosures for financial and non-financial assets that are measured at fair value are summarised in the following notes:

- | | |
|--|--------------------|
| – Quantitative disclosures of fair value measurement hierarchy | Note 12.3 - 12.3.3 |
| – Land & Building and Plant & Machinery at revaluation model | Note 12.3.3 |

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 Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 Foreign Currency Translations

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs), which is the functional and presentation currency of the Group.

Transactions in foreign currencies are initially recorded by the Group at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statement of profit or loss.

3.5 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The following specific criteria are used for the purpose of recognition of revenue.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

In relation to the contracts with the distributors, modern traders for the sale of products, the Group considered the upfront discounts, rights of return and the consideration payable to the customer in determining the transaction price. Revenue is recognised by reducing the above component from the transaction price.

Evaluation of point of transfer of control of goods or services to the customer under revenue recognition

The following factors were considered in determining the point of transfer of control to the customer.

- The entity has a present right to payment for the asset.
- The customer has legal title to the asset.
- The entity has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

Whilst the above indicators assist in the determination of transfer of control, none of the indicators above are meant to individually determine whether control has been transferred. Further not all of them must be present. Hence the above evaluation requires significant judgement

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Interest

Interest is recognized on a time proportion basis that takes in to account the effective interest rate on asset.

Others

Other Operating Income is recognized on an accrual basis

3.6 Taxation

Current Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries 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 asset 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 profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

Tax withheld on dividend income from subsidiaries is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

3.7 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services and for administration purpose and are expected to be used for more than one year.

Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Basis of measurement

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except for;

- land & buildings which is measured at revalued amount less accumulated impairment losses, if any, and
- plant and machineries which is measured at revalued amount less accumulated depreciation and accumulated impairment losses, if any (Note 12.1).

Owned assets

The cost of Property, Plant & Equipment includes expenditure that are directly attributable to the acquisition of the asset. 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 the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land & building and plant & machinery is done with sufficient frequency to ensure that the fair value of the land & building and plant & machinery does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of profit or loss, in which case, the increase is recognised in the Statement of profit or loss. A revaluation deficit is recognised in the Statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Subsequent Costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit and loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

De-recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in statement of income and gains are not classified as revenue. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 Years
Plant and Machinery	5-10 Years
Motor Vehicles	04 Years
Furniture & Fittings and Office Equipments	08 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. Freehold land is not depreciated.

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

3.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows.

Motor Vehicle	04 Years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.13 - Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.9 Intangible assets

Basis of Recognition

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

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition.

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.

Amortizing

The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets with finite lives are as follows.

Asset class	Useful life
Computer software	5 years

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

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 is 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 is 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.

De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its 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.

3.10 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing cost that are attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3.11 Inventories

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

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula: -

Raw Materials	-	At Weighted average cost
Finished Goods and Work-in-progress	-	At the cost of direct materials, direct labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding Borrowing Costs.
Consumables and Spares	-	At Weighted Average Cost

3.12 Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (Cash Generating Unit) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets, 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 indication exists, the Group estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss.

Financial Instruments — Initial Recognition and Subsequent Measurement

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

i) Financial Assets

Initial Recognition and Measurement

Financial assets are recognized at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivable that do not contain significant financing component for which Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not a fair value through profit or loss, transaction costs. Trade receivable that do not contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows selling the financial assets or both.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Financial assets at amortised cost (debt instruments)
- ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- iv. Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group 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 to hold 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement- and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers financial asset is default when contractual payments are 365 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and interest-bearing loans and borrowings.

Subsequent Measurement

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

Financial liabilities at fair value through profit or loss

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 Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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. This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Fair Value of Financial Assets and Liabilities

The Management assessed that the fair value of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

3.14 Provisions

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

3.15 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.16 Stated capital

The stated capital of the Company, consisting of 149,333 ordinary shares amounting to Rs. 150,634,670/- as at the reporting date.

3.17 Retirement Benefit Obligations

(i) Defined Benefit Plans – Gratuity

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest (not applicable to the Group), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'administration expenses' in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Defined Benefit Obligations in the Statement of Financial Position.

Recognition of Actuarial Losses / Gains

Actuarial gains & losses are recognized in full in other comprehensive income.

Funding Arrangements

The Gratuity liability is not externally funded.

(ii) Defined contribution plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense in the Statement of Profit or Loss. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- Employees' Trust Fund

The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

3.18 Cash Flow Statement

The Cash flow statement is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows". Cash and cash equivalents comprise cash in hand, cash at bank, bank overdrafts and Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4. MATERIAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

Estimates and assumptions

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 described below. The Group 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 beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Measurement of the defined benefit obligations

The cost of the defined benefit plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its 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 interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 20 which includes the assumptions used in the measurement of the obligation and the sensitivity change in such assumptions to the value of the obligation.

Revaluation of property, plant and equipment

The Group carries its land & building and plant & machinery at fair value, with changes in fair value being recognised in other comprehensive income. As disclosed in note 12.3, the Group engaged an independent valuation specialist to assess fair value of Plant & Machinery as at 31 March 2024. Land & Building was valued by reference to market-based evidence, using comparable prices as at 31 March 2024. Plant and Machinery were valued by reference to replacement cost of each component/part of the Plant and Machineries adjusted for specific nature of the Plant and Machinery of the Group as at 31 March 2024.

Impairment of Trade and Other Receivables

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Impairment of inventories

The Group reviews the adequacy of the provision for slow moving and obsolete inventory provision through assessment of the condition of inventories based on the periodic inventory counts and expectations of future sales.

5 Changes in accounting policies and disclosures

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

10. INCOME TAX

The major components of income tax expense for the years ended 31 March 2024 are as follows :

Statement of Profit or Loss

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
10.1 Current Income Tax				
Current Income Tax charge (Note 10.2)	62,259,344	74,575,452	62,259,344	72,325,480
(Over) / Under Provision of current taxes in respect of prior years	-	657,766	-	657,766
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 10.3/Note 10.4)	(3,371,171)	(18,219,390)	(3,371,171)	(18,219,390)
Income tax expense reported in the Statement of profit or loss	<u>58,888,173</u>	<u>57,013,828</u>	<u>58,888,173</u>	<u>54,763,856</u>

10.2 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Accounting Profit/(Loss) Before Tax	195,214,579	256,943,954	189,895,131	251,624,506
Deductible Expenses	(30,704,000)	(22,254,532)	(34,759,435)	(26,309,967)
Non Deductible Expenses	51,460,646	82,490,815	51,460,646	82,490,815
Profit from Business	<u>215,971,225</u>	<u>317,180,237</u>	<u>206,596,342</u>	<u>307,805,354</u>
Interest Income	1,434,803	-	1,434,803	-
Total Statutory Income	217,406,028	317,180,237	208,031,145	307,805,354
Qualifying Payments During the Year	-	-	(500,000)	-
Taxable Profit	<u>217,406,028</u>	<u>317,180,237</u>	<u>207,531,145</u>	<u>307,805,354</u>
Income Tax - 14% at Normal Rate	-	60,193	-	60,193
Income Tax - 24% at Normal Rate	-	8,033,257	-	5,783,285
Income Tax - 18% at Special Rate	-	27,752,270	-	27,752,270
Income Tax - 30% at Special Rate	62,259,344	38,729,732	62,259,344	38,729,732
Income Tax Expense reported in the Statement of profit or loss	<u>62,259,344</u>	<u>74,575,452</u>	<u>62,259,344</u>	<u>72,325,480</u>

10.3 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Group

	"Statement of Financial Position"		Statement of Profit or Loss		Statement of Other Comprehensive income	
	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Property, Plant and Equipment	(34,514,294)	(31,354,449)	3,159,845	(9,570,663)	-	-
Capital Allowances for Tax Purposes						
Directly Charged to Equity			-	-	-	-
Tax on Revaluation of Assets	(510,968,234)	(464,242,299)	-	-	46,725,935	193,342,544
Right of use Asset	286,875	(261,302)	(548,177)	(256,079)	-	-
	<u>(545,195,653)</u>	<u>(495,858,050)</u>				
Deferred Tax Assets						
Retirement Benefit Obligation	19,832,654	13,158,326	(6,674,328)	(5,261,578)	-	-
Carried Forward Tax Losses	-	-	-	-	-	-
Provision for Slow moving inventory	4,371,065	4,953,033	581,968	(2,873,270)	-	-
Provision for Bad Debts	720,700	830,222	109,522	(257,801)	-	-
	<u>24,924,419</u>	<u>18,941,581</u>				
Charge/(Reversal) of Deferred Tax			<u>(3,371,171)</u>	<u>(18,219,391)</u>	<u>46,725,935</u>	<u>193,342,544</u>
Net Deferred Tax Liability	<u>(520,271,233)</u>	<u>(476,916,469)</u>				

10.3.1 Reconciliation of Deferred Tax Charge / (Reversal) - Group

	2024	2023
	Rs.	Rs.
Deferred Tax Liability as at 01 April	476,916,469	301,793,315
Deferred Tax Charge/(Reversal) reported in the Statement of Profit or Loss	(3,371,171)	(18,219,390)
Deferred Tax Charge/(Reversal) reported in Other Comprehensive Income		
- Tax Effect of Actuarial Gain/Loss	-	-
- Tax Effect of Asset Revaluation	46,725,935	193,342,544
Deferred Tax Liability as 31 March	<u>520,271,233</u>	<u>476,916,469</u>

10.3.2 Reconciliation of Deferred Tax (Charge)/ Reversal - Group

	2024	2023
	Rs.	Rs.
Deferred Tax (Charge)/Reversal On Other Temporary		
Differences Recognised Under Profit or Loss	(3,371,171)	(38,815,097)
Deferred tax effects from changes in tax rate recognized under Profit or Loss	-	20,595,707
deferred Tax (Charge)/Reversal On Other Temporary		
Differences Recognised Under Other comprehensive income	46,725,575	25,600,853
Deferred tax effects from changes in tax rate recognized under Other Comprehensive income	<u>7,714,887</u>	<u>167,741,691</u>
	<u>43,354,764</u>	<u>175,123,154</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

10. INCOME TAX (Contd...)

10.3.3 Tax Losses

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Tax Loss Brought Forward	8,042,832	5,305,301	-	-
Tax Loss Incurred During the Year	593,592	1,211,371	-	-
Adjustments relating to previous Year	-	1,526,160	-	-
Tax Losses Utilized During the Year	-	-	-	-
Tax Losses Carried Forward	8,636,424	8,042,832	-	-

The carried forward tax losses of the Group amounting to Rs. 8,636,424/- (2023 - Rs 8,042,832/-) is available for 5 years for offset against future statutory income of the Group, However deferred tax asset has not been recognized on the said carried forward tax losses as the Group is unable to assess with reasonable certainty that the taxable profit would be available to recover the asset in the foreseeable future.

10.4 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Company

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive income	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred Tax Liability						
Property, Plant and Equipment	(34,514,294)	(31,354,449)	3,159,845	(9,570,663)	-	-
Tax Effect of Asset Revaluation	(465,958,672)	(423,447,922)	-	-	42,510,750	183,407,717
Right of use Asset	286,875	(261,302)	(548,177)	(256,079)	-	-
	<u>(500,186,091)</u>	<u>(455,063,673)</u>				
Deferred Tax Assets						
Retirement Benefit Obligation	19,832,654	13,158,326	(6,674,328)	(5,261,578)	-	-
Provision for Slow moving inventory	4,371,065	4,953,033	581,968	(2,873,270)	-	-
Provision for Bad Debts	720,700	830,222	109,522	(257,801)	-	-
	<u>24,924,419</u>	<u>18,941,581</u>				
Charge/(Reversal) of Deferred Tax			(3,371,170)	(18,219,391)	42,510,750	183,407,717
Net Deferred Tax Liability	<u>(475,261,671)</u>	<u>(436,122,092)</u>				

10.4.1 Reconciliation of Deferred Tax Charge / (Reversal)

	2024 Rs.	2023 Rs.
Deferred Tax Liability as 01 April	436,122,094	270,933,766
Deferred Tax Charge reported in the Statement of Profit or Loss	(3,371,171)	(18,219,390)
Deferred Tax Charge reported in Other Comprehensive Income	-	-
- Tax Effect of Asset Revaluation	42,510,750	183,407,717
Deferred Tax Liability as 31 March	<u>475,261,673</u>	<u>436,122,094</u>
Deferred tax was established at average effective income tax rate of 30% (2023 - 30%)		

10.4.2 Reconciliation of Defferred Tax (Charge)/ Reversal - Company

	2024 Rs.	2023 Rs.
Deferred Tax (Charge)/Reversal On Other Temporary Differences Recognised Under Profit or Loss	(3,371,171)	(38,815,097)
Deferred tax effects from changes in tax rate recognized under Profit or Loss	-	20,595,707
Deferred Tax (Charge)/Reversal On Other Temporary Differences Recognised Under Other comprehensive income	42,510,750	23,380,913
Deferred tax effects from changes in tax rate recognized under Other Comprehensive income	-	160,026,804
	<u>39,139,579</u>	<u>165,188,328</u>

11. EARNINGS PER SHARE

11.1 Basic Earnings Per Share is calculated by dividing the Net Profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

11.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amount Used as the Numerator:				
Profit attributable to ordinary equity holders of the parent	131,096,823	199,547,042	131,009,958	196,860,650
Number of Ordinary Shares Used as Denominator:				
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings Per Share			149,333	149,333

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Group

12.1.1 Gross Carrying Amounts

At Cost or Valuation	Freehold							Capital Work In Progress	Total
	Land	Buildings	Plant and Machinery	Office Equipment	Other Equipment	Furniture and Fittings	Motor Vehicles		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 01 April 2023	1,553,025,000	18,849,188	155,973,554	25,115,980	4,616,754	7,465,286	41,539,211	645,167	1,807,230,140
Additions	-	-	35,411,653	2,681,424	1,006,622	23,800	-	-	39,123,499
Transfer from CWIP	-	645,167	-	-	-	-	-	(645,167)	-
Transfer (Revaluation)	-	(1,587,626)	(55,204,255)	-	-	-	-	-	(56,791,881)
Revaluation (Note 19)	155,734,375	-	12,693,179	-	-	-	-	-	168,427,554
As at 31 March 2024	1,708,759,375	17,906,729	148,874,131	27,797,404	5,623,376	7,489,086	41,539,211	-	1,957,989,312

12.1.2 Accumulated Depreciation

At 01 April 2023	-	-	32,902,687	23,320,365	3,682,755	7,283,756	41,539,211	-	108,728,774
Charge for the Year	-	1,587,626	22,301,568	(1,213,802)	283,570	30,841	-	-	22,989,803
Transfer (Revaluation)	-	(1,587,626)	(55,204,255)	-	-	-	-	-	(56,791,881)
As at 31 March 2024	-	-	-	22,106,563	3,966,325	7,314,597	41,539,211	-	74,926,696

12.1.3 Net book value

As at 31 March 2024	1,708,759,375	17,906,729	148,874,131	5,690,841	1,657,051	174,489	-	-	1,883,062,616
As at 31 March 2023	1,553,025,000	18,849,188	123,070,867	1,795,615	933,999	181,530	-	645,167	1,698,501,366

12.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.39,123,499/- (2023 - Rs.6,388,305/-). Cash payments amounting to Rs.39,123,499/- (2023 - Rs.6,388,305/-) were made during the year for purchase of Property, Plant and Equipment.

12.1.5 Group Property, Plant and Equipment with a cost of Rs. 52.4Mn. (2023 Rs. 50.8Mn.) have been fully depreciated and continue to be in use by the Group.

12.1.6 Right of Use Asset

	Motor Vehicles	
	2024	2023
As at 01 April	6,144,167	9,971,667
Depreciation Expense	(3,827,500)	(3,827,500)
As at 31 March	2,316,667	6,144,167

12.1.7 The following are the amounts recognised in profit or loss:

	Group	
	2024	2023
Depreciation expense of right-of-use assets	Rs. 3,827,500	Rs. 3,827,500
Interest expense on lease liabilities	404,375	580,452

The Group had total cash outflows for leases of Rs. 2,404,619/- in 2024 (Rs. 2,404,619/- in 2023). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 24.1.2 (Maturity Note)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

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

12.2 COMPANY

12.2.1 Gross Carrying Amounts

	Land Rs.	Buildings Rs.	Plant and Machinery Rs.	Freehold			Motor Vehicles Rs.	Capital Work In Progress Rs.	Total Rs.
				Office Equipment Rs.	Other Equipment Rs.	Furniture and Fittings Rs.			
At Cost or Valuation									
At 01 April 2023	1,417,025,000	18,849,188	155,973,554	24,257,380	4,616,754	6,974,818	28,789,201	645,167	1,657,131,062
Additions	-	-	35,411,653	2,681,424	1,006,622	23,800	-	-	39,123,499
Transfer from CWIP	-	645,167	-	-	-	-	-	(645,167)	-
Revaluation (Note 19)	141,702,500	-	12,693,179	-	-	-	-	-	154,395,679
Transfer (Revaluation)	(1,587,626)	(1,587,626)	(55,204,255)	-	-	-	-	-	(56,791,881)
As at 31 March 2024	1,558,727,500	17,906,729	148,874,131	26,938,804	5,623,376	6,998,618	28,789,201	-	1,793,858,359

12.2.2 Accumulated Depreciation

At 01 April 2023	-	-	32,902,687	22,461,765	3,682,755	6,793,288	28,789,201	-	94,629,696
Charge for the Year	-	1,587,626	22,301,568	(1,213,802)	283,570	30,841	-	-	22,989,803
Transfer (Revaluation)	-	(1,587,626)	(55,204,255)	-	-	-	-	-	(56,791,881)
As at 31 March 2024	-	-	21,247,963	3,966,325	6,824,129	6,824,129	28,789,201	-	60,827,618

12.1.3 Net book value

As at 31 March 2024	1,558,727,500	17,906,729	148,874,131	5,690,841	1,657,051	174,489	(0)	-	1,733,030,741
As at 31 March 2023	1,417,025,000	18,849,188	123,070,867	1,795,615	933,999	181,530	(0)	645,167	1,562,501,366

12.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.39,123,499/- (2023 - Rs.6,388,305/-). Cash payments amounting to Rs.39,123,499/- (2023 - Rs.6,388,305/-) were made during the year for purchase of Property, Plant and Equipment.

12.2.5 Company Property, Plant and Equipment with a cost of Rs.52.4Mn. (2023 Rs. 50.8Mn.) have been fully depreciated and continue to be in use by the Group.

12.2.6 Right of Use Asset

	Motor Vehicles	
	2024	2023
As at 01 April	6,144,167	9,971,667
Depreciation Expense	(3,827,500)	(3,827,500)
As at 31 March	2,316,667	6,144,167

12.2.7 The following are the amounts recognised in profit or loss:

	Company	
	2024	2023
Depreciation expense of right-of-use assets	3,827,500	3,827,500
Interest expense on lease liabilities	404,375	580,452

The Group had total cash outflows for leases of Rs. 2,404,619/- in 2024 (Rs. 2,404,619/- in 2023). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 24.1.2 (Maturity Note)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

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

12.3.1 The fair value of Plant and Machinery was determined by means of a revaluation during the financial year 2023/2024 by Mr. Sunil Wickramarachchi, an independent valuer. The results of such revaluation were incorporated to the financial statements from its effective date which was 31 March 2024. The surplus arising from the revaluation net of differed taxes, was transferred to a revaluation reserve.

Class of Asset	Date of valuation	Valuer	Revalued Amount (Rs.)	Fair value measurement Basis and Sensitivity of Inputs
Plant and Machineries	31 March 2024	Mr.Sunil Wickramaarachchi	148,874,131/-	Level 03 Measurements- Significant un-observable inputs (Replacement Cost). The valuer has considered the replacement cost of each component/part of the plant and machineries of the Group/ Company. Significant increase/decrease in replacement cost of each component/part of the machineries would result in higher/lower fair value of machineries.

12.3.2 Significant Assumptions Used by Valuer are as follows

	2024	2021
Manufacturing Capacity	500 Kg - 1500 Kg	500 Kg - 1500 Kg
Estimated Balance life period	5- 10 Years	3- 15 Years

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

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

12.3.3 Land and Building

Company	Address	Extent	Method of Valuation	Date of Valuation	Valuer	Significant unobservable inputs (Level 3)	Revalued Amount (Rs.)	Interrelationship between key unobservable inputs and fair value measurements
The Swadeshi Industrial Works PLC	No. 57, Colombo Road, Kandana	3A-2R-6.18P	The market Approach method of Valuation	31st March 2024	Mr. Sunil Wickramaarachchi	Rs.1,500,000 3,000,000 pp	1,558,727,500/-	Positive correlated sensitivity
The Swadeshi Industrial Works PLC	No. 57, Colombo Road, Kandana	Sq.ft. 61,600 (9 Buildings)	The market Approach method of Valuation	31st March 2024	Mr. Sunil Wickramaarachchi	Rs. 100 to Rs 1000 per Sq.ft	17,906,729/-	Positive correlated sensitivity
Ceylon Plastics Limited	No. 57, Kandana Colombo Road, Kandana	0A-2R-1.65P	The market Approach method of Valuation	31st March 2024	Mr. Sunil Wickramaarachchi	Rs.1,837,700/-pp	150,031,875/-	Positive correlated sensitivity

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

12.4 The carrying amount of revalued assets that would have been included in the financial statements of the Group/Company had the assets been carried at cost less depreciation is as follow:

Class of Asset	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount 2024	Net Carrying Amount 2023
	Rs.	Rs.	Rs.	Rs.
Group				
Land	5,531,928	-	5,531,928	5,531,928
Building	67,246,091	53,851,151	13,394,940	12,804,462
Plant and Machineries	173,922,417	58,810,434	115,111,983	82,462,671
	<u>246,700,436</u>	<u>112,661,585</u>	<u>134,038,851</u>	<u>100,799,061</u>
Company				
Land	5,514,385	-	5,514,385	5,514,385
Building	67,246,091	53,851,151	13,394,940	12,804,462
Plant and Machineries	173,922,417	58,810,434	115,111,983	82,462,671
	<u>246,682,893</u>	<u>112,661,585</u>	<u>134,021,308</u>	<u>100,781,518</u>
13. INTANGIBLE ASSETS				
	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
13.1 Cost				
As at 1 April	15,915,436	15,915,436	15,915,436	15,915,436
Acquired during the year	2,250,360	-	2,250,360	-
As at 31 March	<u>18,165,796</u>	<u>15,915,436</u>	<u>18,165,796</u>	<u>15,915,436</u>
13.2 Accumulated Amortization				
As at 1 April	10,574,853	9,854,853	10,574,853	9,854,853
Amortization for the year	4,005,308	720,000	4,005,308	720,000
As at 31 March	<u>14,580,161</u>	<u>10,574,853</u>	<u>14,580,161</u>	<u>10,574,853</u>
13.3 Net book value	<u>3,585,635</u>	<u>5,340,583</u>	<u>3,585,635</u>	<u>5,340,583</u>

13.4 Intangible assets include computer software with an estimated useful life of 05 Years.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

14. INVESTMENTS IN SUBSIDIARIES - Company

Non-Quoted	2024	2023	2024	2023
	Percentage of Holding		Rs.	Rs.
Ceylon Plastics Ltd.	88.11%	88.11%	212,570	212,570
The Swadeshi Marketing (Pvt) Ltd.	100%	100%	145,000,200	145,000,200
The Swadeshi Chemicals (Pvt) Ltd.	99.99%	99.99%	6,500,180	6,500,180
Total Gross Carrying Value of Investments in Subsidiaries			151,712,950	151,712,950
Provision for Impairment of Investment (Note 14.1)			(92,488,603)	(92,118,695)
Total Net Carrying Value of Investments in Subsidiaries			59,224,347	59,594,255

14.1 Provision for Impairment of Investment

Impairment provision recognized on,				
The Swadeshi Chemicals (Pvt) Ltd.			6,500,180	6,500,180
The Swadeshi Marketing (Pvt) Ltd.			85,988,423	85,618,515
			92,488,603	92,118,695

14.2 The Company carried out impairment test through the determination of fair value of the investments .During the year The Company made an additional provision of Rs.369,908/- (2022/2023 - Rs. 644,251/-) against the investment The Swadeshi Marketing (Pvt) Ltd. This Increased the total provision against the said investment to Rs. 85,988,423/-.

The Company had impaired its invetment in The Swadeshi Chemicals (Pvt) Ltd amounting to Rs. 6,500,180/- due to negative net assets position. Even though the net assets have become positive, based on the current macro economic situation of the country, the management intends to carry forward the said provision.

Financial Statements of the Ceylon Plastics Ltd & The Swadeshi Marketing (Pvt) Ltd have been prepared on a basis other than going concern since the operation of these two subsidiaries had been ceased. Accordingly, the assets and liabilities are recorded at their realizable amount.

15. INTEREST BEARING LOANS AND BORROWINGS

15.1 Financial Liabilities	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Current Interest -bearing loans and borrowings				
Interest Bearing Borrowings (Note 15.3)	-	5,206,101	-	-
Obligations under Leases Liabilities (Note 24)	2,193,313	2,000,242	2,193,313	2,000,242
Bank overdrafts (Note 22.2)	137,325,093	169,106,349	137,325,093	169,106,349
Short Term Loans (Note 15.2)				
Bank Loans				
People's Bank	23,199,719	83,132,732	23,199,719	83,132,732
Commercial Bank of Ceylon PLC	33,451,066	179,731,963	33,451,066	179,731,963
Hatton National Bank PLC	19,000,000	-	19,000,000	-
DFCC	-	79,972,006	-	79,972,006
Nation Trust Bank	81,107,401	57,987,202	81,107,401	57,987,202
Total Current Interest-bearing-loans and borrowings	296,276,592	577,136,595	296,276,592	571,930,494
Non-Current Interest -bearing loans and borrowings				
Obligations under leases Liabilities (Note 24)	1,079,605	3,272,919	1,079,605	3,272,919
Interest Baring Borrowings (Note 15.3)	-	-	-	-
Total Non-Current Interest-bearing-loans and borrowings	1,079,605	3,272,919	1,079,605	3,272,919
Total Interest-bearing loans and borrowings	297,356,197	580,409,514	297,356,197	575,203,413

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

15. INTEREST BEARING LOANS AND BORROWINGS(Contd...)

15.2 Short Term Loans - Group/Company

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Repayment/ Transfer Rs.	As at 31.03.2024 Rs.
Bank Loans				
People's Bank	83,132,732	108,551,200	(168,484,213)	23,199,719
Commercial Bank of Ceylon PLC	179,731,963	186,356,859	(332,637,756)	33,451,066
Hatton National Bank PLC	-	176,656,400	(157,656,400)	19,000,000
Nation Trust Bank	57,987,202	252,537,048	(229,416,849)	81,107,401
DFCC	79,972,006	101,811,300	(181,783,306)	-
	<u>400,823,903</u>	<u>825,912,807</u>	<u>(1,069,978,524)</u>	<u>156,758,186</u>

15.3 Long Term Loans - Group

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Repayment/ Transfer Rs.	As at 31.03.2024 Rs.
People's Bank	<u>5,206,101</u>	-	(5,206,101)	-
	<u>5,206,101</u>	-	<u>(5,206,101)</u>	-

	2024 Amount Repayable Within 1 Year Rs.	2024 Amount Repayable After 1 Year Rs.	Total Rs.	2023 Amount Repayable Within 1 Year Rs.	2023 Amount Repayable After 1 Year Rs.	Total Rs.
Term Loan	-	-	-	5,206,101	-	5,206,101

16. INVENTORIES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Raw Materials	388,089,310	614,282,606	388,089,310	614,282,606
Work in Progress	30,956,840	8,448,106	30,956,840	8,448,106
Finished Goods	224,617,538	271,928,414	224,617,538	271,928,414
Consumables and Spares	27,558,892	26,281,353	27,558,892	26,281,353
Allowances for Slow Moving Inventories	(14,570,115)	(16,510,110)	(14,570,115)	(16,510,110)
	<u>656,652,465</u>	<u>904,430,369</u>	<u>656,652,465</u>	<u>904,430,369</u>

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
17.1 Summary				
- Others	594,717,372	503,885,056	575,913,499	469,835,876
Provision for Doubtful Debts	(10,964,624)	(11,470,274)	(2,402,333)	(2,405,486)
	<u>583,752,745</u>	<u>492,414,782</u>	<u>573,511,166</u>	<u>467,430,390</u>
Other Receivables - Related Parties (Note 17.5)	-	-	1,925,023	1,707,206
- Others	8,639,621	6,874,199	3,686,701	2,910,971
	<u>592,392,369</u>	<u>499,288,981</u>	<u>579,122,890</u>	<u>472,048,567</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

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

17.2 As at 31 March 2024, trade receivables of the Group with an initial value of Rs.10,964,624/- (2023 - Rs.11,470,274/-) were individually impaired and fully provided.

	Group Rs.	Company Rs.
As at 01 April	11,470,274	2,405,486
Write off against provision charge for the year	(875,558)	(3,153)
	369,908	-
As at 31 March	<u>10,964,624</u>	<u>2,402,333</u>

17.3 Trade receivables are non interest bearing and generally 30-90 day terms. As at 31 March, the ageing analysis of trade receivables is as follows:

Group	Total Rs.	Neither past due nor Impaired Rs.	Past due but not impaired			Individually assessed
			1-30 days Rs.	31-90 days Rs.	91-360 days Rs.	360+ days Rs.
2024	594,717,372	394,118,906	101,453,455	61,453,455	26,437,349	11,244,207
2023	503,885,056	364,984,157	87,641,571	22,507,831	19,493,807	9,257,691

Company	Total Rs.	Neither past due nor Impaired Rs.	Past due but not impaired			Individually assessed
			1-30 days Rs.	31-90 days Rs.	91-360 days Rs.	360+ days Rs.
2024	575,913,499	394,118,906	101,453,455	61,453,455	16,195,767	2,691,915
2023	469,835,876	360,815,593	86,028,560	18,527,695	2,102,000	2,362,028

17.4 Other Receivables due from Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Ceylon Plastics Limited	Subsidiary	-	-	1,925,024	1,707,206
The Swadeshi Plantation Limited	Affiliate	196,866	196,866	196,866	196,866
The Swadeshi Consumer Products Limited	Affiliate	39,704	39,704	39,704	39,704
The Swadeshi Resorts & Spas Limited	Affiliate	20,571	20,571	20,571	20,571
The Swadeshi Holiday Resort Limited	Affiliate	20,571	20,571	20,571	20,571
The Swadeshi Power (Private) Limited	Affiliate	84,205	84,205	84,205	84,205
Provision for Doubtful Debts	Affiliate	(361,919)	(361,919)	(361,919)	(361,919)
		<u>-</u>	<u>(2)</u>	<u>1,925,024</u>	<u>1,707,204</u>

18. STATED CAPITAL - Group/Company

	2024		2023	
	Number	Rs.	Number	Rs.
Issued and Fully Paid Ordinary Shares				
As at April 01	149,333	150,634,670	149,333	150,634,670
As at March 31	<u>149,333</u>	<u>150,634,670</u>	<u>149,333</u>	<u>150,634,670</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

19. REVALUATION RESERVE

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at the beginning of the year	1,118,035,343	1,225,739,557	1,034,147,890	1,139,619,233
Revaluations during the year	168,427,554	85,337,375	154,395,679	77,936,375
Income Tax Effect on Revaluation	(46,725,576)	(193,342,904)	(42,510,750)	(183,407,718)
Transfer to Non-controlling interes	(1,167,247)	301,315	-	-
Balance as at the end of the year	<u>1,238,570,074</u>	<u>1,118,035,343</u>	<u>1,146,032,819</u>	<u>1,034,147,890</u>

19.1 Nature and Purpose of Revaluation Reserve

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and plant and machinery and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity.

20. RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at the beginning of the year	43,861,087	43,870,822	43,861,087	43,870,822
Current Service Cost	5,280,825	3,355,377	5,280,825	3,355,377
Interest Cost	10,088,050	6,580,623	10,088,050	6,580,623
Actuarial (Gain)/Loss	8,647,487	(8,768,941)	8,647,487	(8,768,941)
Payments during the year	(1,768,601)	(1,176,794)	(1,768,601)	(1,176,794)
Balance as at the end of the year	<u>66,108,848</u>	<u>43,861,087</u>	<u>66,108,848</u>	<u>43,861,087</u>

The expenses are recognized in the following line items in the statement of comprehensive income.

Administrative Expenses	15,368,875	9,936,001	15,368,875	9,936,001
Other Comprehensive Income	8,647,487	(8,768,941)	8,647,487	(8,768,941)
	<u>24,016,362</u>	<u>1,167,060</u>	<u>24,016,362</u>	<u>1,167,060</u>

20.2 Messrs. Acturial and Management Consultants (Private) Limited, independent actuarial specialists carried out an actuarial valuation of the defined benefit plan gratuity as at 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Discount of Interest	2024	2023
	12% p.a.	23% p.a.
Rate of Salary Increase	10% p.a.	18% p.a.
Other assumptions used are as follows		
Retirement Age	60 Years	60 Years
Staff Turnover:	15%	29%

20.3 Sensitivity of the principal assumptions used

1% increase	Expected Future Salaries		Discount Rate	
	1% decrease	1% increase	1% decrease	Rs.
	Rs.	Rs.	Rs.	Rs.
Group/Company				
Change in Present value of Defined Benefit Obligation	<u>2,721,320</u>	<u>(2,550,363)</u>	<u>(2,275,255)</u>	<u>2,466,522</u>

20.4 Expected average future working life of the active participants is 5.6 years. (2023 - 2.9 Years)

20.5 The following are the expected payments to the defined benefit plan in future years

	Group	Company
	2024 Rs.	2023 Rs.
Within the next 12 months	25,633,763	21,571,527
Between 1 to 5 years	18,679,582	17,217,599
Between 5 and 10 Years	18,234,080	4,733,462
Beyond 10 Years	3,561,424	338,499
Total Expected Payments	<u>66,108,849</u>	<u>43,861,087</u>

During the financials Year 2021/2022, the Pension Arrangement was adjusted to reflect new legal requirement as per Minimum retirement age of Workers Act No.28 of 2021 regarding the retirement age.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

21. TRADE AND OTHER PAYABLES	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Payables	47,802,079	45,964,345	44,685,431	42,847,697
Other Payables - Related parties (Note 21.1)	-	-	74,762,787	75,681,226
Sundry Creditors Including Accrued Expenses	494,490,855	510,057,469	491,856,132	498,755,846
	<u>542,292,934</u>	<u>556,021,814</u>	<u>611,304,350</u>	<u>617,284,769</u>

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled on 30- 60 day terms
Other payables are non-interest bearing and have an average term of two months

21.1 Other Payables Due to Related Parties	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
The Swadeshi Marketing (Private) Limited	Subsidiary	-	-	62,831,731	63,191,568
The Swadeshi Chemicals (Private) Limited	Subsidiary	-	-	11,931,056	12,489,658
		<u>-</u>	<u>-</u>	<u>74,762,787</u>	<u>75,681,226</u>

22. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT Components of Cash and Cash Equivalents

22.1 Favourable Cash and Cash Equivalents Balances	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash and Bank Balance	68,364,338	31,849,530	67,489,892	30,116,169
22.2 Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(137,325,093)	(169,106,349)	(137,325,093)	(169,106,349)
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	<u>(68,960,755)</u>	<u>(137,256,819)</u>	<u>(69,835,201)</u>	<u>(138,990,180)</u>

23. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows;

23.1 Transactions with Related Entities

Nature of Transactions	Subsidiaries	
	2024 Rs.	2023 Rs.
As at 1 April	(73,974,020)	29,781,525
Sales	23,700,241	339,006,045
Settlements received during the year	(39,850,000)	(461,100,000)
Collection / Payment on behalf of the Company	-	(30,875,953)
Expenses Incurred by the Company	-	49,214,363
Expenses incurred on behalf of the Company	17,286,016	-
As at 31 March	(72,837,763)	(73,974,020)
Trade and Other Payables	1,925,023	1,707,206
	<u>(74,762,788)</u>	<u>(75,681,226)</u>
	<u>(72,837,765)</u>	<u>(73,974,020)</u>

23.1.1 Terms and Conditions of Significant Related Party Transactions:

“Sales and Settlements - Apart from the normal distribution network, The Swadeshi Industrial Works PLC distributes its products through The Swadeshi Chemicals (Pvt) Limited and those sales to related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash”

Collections / Payments on behalf of the Company - Payments and Collections have made on behalf of the expenses incurred for the group by Swadeshi Marketing (Pvt) Ltd and Swadeshi Chemical (Pvt) Ltd.

23.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company includes the Directors of the Company and Directors in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

23. RELATED PARTY DISCLOSURES (Contd...)

	2024	2023
	Rs.	Rs.
23.3.1 Compensation to Key Management Personnel		
Nature of transaction		
Short Term Employment Benefits	81,368,535	32,595,464

24. LEASE LIABILITIES (GROUP/COMPANY)

	2024		2023	
	Minimum payments Rs.	Present value of payments Rs.	Minimum payments Rs.	Present value of payments Rs.
Current Liability	2,404,618	2,193,313	2,404,618	2,000,242
Non - Current Liability	1,107,100	1,079,605	3,511,718	3,272,919
Total minimum lease payments	3,511,718	3,272,918	5,916,336	5,273,161
Less : Finance Charges allocated to future periods	(238,800)	-	(643,176)	-
Present value of minimum lease payments	<u>3,272,918</u>	<u>3,272,918</u>	<u>5,273,160</u>	<u>5,273,161</u>
24.1.1 Leases	As at 01.04.2023 Rs.	Leases Obtained Rs.	Repayment Rs.	As at 31.03.2024 Rs.
Gross Liability	5,916,336	-	2,404,617	3,511,719
Finance Charges	(643,176)	-	(404,375)	(238,800)
Net liability	<u>5,273,160</u>	<u>-</u>	<u>2,000,242</u>	<u>3,272,919</u>

24.1.2 The table below summarizes the maturity profile of the Group's/ Company's Leasehold liabilities based on contractual payments.

Year ended 31 March 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Liabilities	200,385	400,770	1,803,464	1,107,100	3,511,719
	<u>200,385</u>	<u>400,770</u>	<u>1,803,464</u>	<u>1,107,100</u>	<u>3,511,719</u>

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise trade and other payables and interest bearing loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations and assets. The Group has trade and other receivables, and cash and short term deposits that arrive directly from its operations.

"The Group is exposed to market risk, credit risk and liquidity risk."

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and deposits, The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Interest rate risk

The Group interest rate risk arises from long-term borrowings issued at variable rates. The company manages its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various financial instruments.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuation in interest rate has a impact on the Group since it is depends on bank overdrafts and short term borrowings. Company's interest rate varies according to the Bank.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax
2024		
Interest Bearing Loans and Borrowings	+/- 1000	+/- 29,735,620
2023		
Interest Bearing Loans and Borrowings	+/- 1000	+/- 47,624,500

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials and packing materials.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency risk as at 31st March 2024, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 10%.

As at 31 March 2024	Change in rates	Company		Group	
		Effect on profit before tax	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
		Rs.	Rs.	Rs.	Rs.
USD	+ 10% - 10%	92,357,220	(92,357,220)	93,280,792	(93,280,792)
As at 31 March 2023	Change in rates	Company		Group	
		Effect on profit before tax	Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
		Rs.	Rs.	Rs.	Rs.
USD	+ 10% - 10%	251,624,506	(251,624,506)	256,550,574	(256,550,574)

Credit risk

The Group is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with banking institutions. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure.

The Group trades only with recognized and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is minimal. The Group also obtains security deposits from distributors in order to mitigate the counter party risk.

Liquidity risk

Liquidity risk mainly arise as the Group is mainly depends on short term borrowings and in which case the company might encounter difficulties in meeting obligations associated with its financial liabilities. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, and finance leases.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments.

Year ended 31 March 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	149,409,236	5,087,745	2,261,205	156,758,186
Trade and other payables	-	542,292,934	-	-	542,292,934
	-	691,702,170	5,087,745	2,261,205	699,051,120
Year ended 31 March 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	577,136,594	3,272,919	-	580,409,513
Trade and other payables	-	556,021,814	-	-	556,021,814
	-	1,133,158,408	3,272,919	-	1,136,431,327

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Capital management

Capital includes only the equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure the healthy capital ratios in order to support its business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2024.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

Gearing ration as at 31 March is as follows :

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Borrowings	297,356,197	580,409,514	297,356,197	575,203,413
Total Equity	1,942,223,959	1,698,322,518	1,815,628,139	1,581,604,832
Gearing Ration : Debt to Equity	0.15	0.34	0.16	0.36

26. FAIR VALUES

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2024 was assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

26. FAIR VALUES (Contd...)

26.1 The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

The fair value measurement hierarchy for assets as at 31 March 2024:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Revalued Property, Plant and Equipment					
Land & Building (Note 11) - Company	31-Mar-24	1,576,634,229	-	-	1,576,634,229
Plant & Machinery (Note 11) - Company	31-Mar-24	148,874,131	-	-	148,874,131
Land & Building (Note 11) - Group	31-Mar-24	1,726,666,104	-	-	1,726,666,104
Plant & Machinery (Note 11) - Group	31-Mar-24	148,874,131	-	-	148,874,131
Investments in Subsidiaries					
The Swadeshi Marketing (Pvt) Ltd. (Note 13) Company	31-Mar-24	59,011,777	-	-	59,011,777

27. EVENTS AFTER THE REPORTING PERIOD

There were no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements other than those given below.

The Board of the directors of the Company has recommended a final dividend of Rs. 1.5/- per share for the financial year ended 31 March 2024 subject to shareholders approval at the Annual General Meeting.

28. COMMITMENTS AND CONTINGENCIES

28.1 Commitments

There are no material commitments as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2024

28. COMMITMENTS AND CONTINGENCIES (Contd...)

28.2 Contingencies - Group Lender Swadeshi Industrial Works PLC	Security	Approved Facility Rs.	Nature of Facility	Outstanding as at 31st March 2024 Rs.
01 Peoples Bank	- Primary Mortgage over Property marked as Lot No.2B in survey plan No.4628 at 57, Colombo Road Kandana. - Title of documents of goods shipped. - Indemnity of the company. - Corporate Guarantees of "The Swadeshi Industrial Works PLC"	25 Mn 240 Mn 25 Mn	Overdraft Facility Short Term Loan Facility (Sub Limit Under LC) Term Loan	66 Mn 23 Mn Nil
02 Hatton National Bank	- Primary Floating Mortgage Bond for Rs. 100 Mn over land & building bearing assessment No: 57/2 & 57/3, Colombo Road, B9, Kandana owned by the company. (lot No. 4 & 5) - Documents to title to goods under imports	25 Mn 175 Mn	Overdraft / Money Market Facility Letter of Credit (Import Loan of Rs. 175Mn sub limit under LC facility)	2 Mn 19 Mn
03 Commercial Bank	- Primary mortgage for Rs.35 Mn over and Secondary mortgage for Rs.5Mn over Lot No: 7, at No:57, Colombo road, Kandana. - Primary mortgage for Rs.10 Mn, Secondary, Quaternary and fifth mortgages for Rs. 70 Mn over Lot No:8, at No:57 Colombo road, Kandana. - Primary mortgage for Rs.20Mn and Secondary mortgage for Rs. 30 Mn over Lot No:9, at No:57/6 Colombo road, Kandana. - Primary mortgage for Rs.30 Mn and additional mortgage bonds for Rs. 100 Mn over stock and book debts of the company.	60 Mn 300 Mn	Overdraft / Money Market Facility Import Demand Loan /Letter of Credit Facility	49 Mn 34 Mn
04 National Development Bank (Corporate Banking Division)	- Secondary Mortgage over stocks and book debts for Rs.55Mn	Rs.10 Mn Rs.45 Mn	Over draft facility Import Loan / Letter of Credit Facility	Nil Nil
05 Nation Trust Bank	- Promissory Note for Rs. 200 Mn, Overdraft agreement for Rs. 25 Mn with monthly cash build up.	Rs.25Mn Rs. 200 Mn	Over draft facility Import Loan / Letter of Credit Facility	3 Mn 81 Mn
06 DFCC (Corporate Banking Division)	- Promissory Note for Rs. 100 Mn	Rs. 25 Mn Rs.200 Mn	Over draft facility Import Loan / Letter of Credit Facility	3 Mn Nil

Investor's Information

1. Twenty Largest Shareholders as At 31/03/2024

	No. of Shares	Percentage
1.Ms.C.S.M.Samarasinghe	50,388	33.74
2.Seylan Bank Plc/Senthilverl Holdings (Pvt) Ltd.	37,022	24.79
3.Sedawatte Exports LTD	29,455	19.72
4.Sampath Bank PLC/Dr. T. Senthilverl	15,968	10.69
5.Ms. A.M.Wijewardene	2,298	1.54
6.Mr. L. C. Lobo	1,546	1.04
7.Miss. D.K. Munasinghe	1,384	0.93
8.Mr. S. Vytilingam	952	0.64
9.Mrs. M.E.Wemyss	813	0.54
10.Estate of the Late Mr. V.K. Joshi	510	0.34
11.Mr. K.D. Joshi	509	0.34
12.The Life Insurance Corporation Lanka ltd.	400	0.27
13.S . Santhosa Nadar Limited	400	0.27
14.Estate of the Late Mr. A . R . M . Thassim	400	0.27
15.Estate of the Late Mr. W.A.J. Lobo	383	0.26
16.Mrs. S.C. Fernando	340	0.23
17.Administrator of the Estate of the Late Dr. C.L.S. Ferdinands	333	0.22
18.Mr. S. Vythilingam	317	0.21
19. Mrs.S. Kumarasingham	266	0.18
20. Administrator of the Estate of the Late Mr. M.D.D. Wijetunaga	252	0.17
	143,936	96.39

2. Shareholdings as At 31st March 2024

Holdings	No. of Share Holders	No. of Shares	Percentage (%)
1 - 1,000	218	11,272	7.50
1,001 - 10,000	3	5,228	3.50
10,001 - 100,000	4	132,833	89.00
100,001 - 1,000,000	0	0	0
Over 1,000,000	0	0	0
		149,333	100

3. Percentage of Public Shareholding

(i). The company's shares are listed on the Diri Savi Board since 28th November 2017. As per section 7.14.1 A Listed Entity whose shares are listed on the Diri Savi Board shall maintain a Minimum Public Holding Requirement

(ii). Company belongs to the First option as the company's "Float Adjusted Market Capitalization" is above the minimum threshold, which is Rs. 1 Bn. Further it is above the "Minimum Public Holding Percentage" which is 7.5% and is also above the "Minimum Number of Public Shareholders".

(iii) Number of Shareholders of the Company as at 31st March 2024

No. of CDS Shareholders	- 143
No. of N-CDS Shareholders	- 82
Total	- 225

Investor's Information

(iv). Percentage of shares held by the public as at 31/03/2024

Total number of shares issued	149,333
No. of shares held by public	66,996
No. of public share holder	219
Percentage of shares held by public	44.86%
Float Adjusted Market Capitalization (Rs)	2,240,517,665/-

4. Market and Other information

a) Market Value	31/03/2024	31/03/2023
	Rs.	Rs.
Highest Price	15,000	16,000
Lowest Price	15,000	15,500
Last Transacted Price	15,004	15,004
	31/03/2024	31/03/2023
	Rs.	Rs.
b) Earnings per Share	877.30	1,318.27
c) Dividend per Share	1.50	1.50
d) Net Assets Value per Share	12,158.25	10,591.19
e) Dividend pay out(ratio)	0.0017	0.0011

Ten Year Summary

Trading Results	Year Ended	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Turnover		4,742,821,377	4,819,400,009	3,109,816,297	3,062,919,650	2,352,552,958	2,154,786,681	1,987,788,256	1,991,232,820	2,052,792,852	2,163,831,672
Profit before tax		189,956,126	256,550,574	15,754,535	156,826,565	25,097,202	34,813,640	(2,027,366)	(132,526,715)	30,471,706	19,745,158
Taxation		(57,013,827)	(11,344,373)	(28,269,096)	(28,269,096)	(13,024,943)	(20,552,863)	12,321,747	(1,356,179)	(11,516,404)	(12,168,489)
Profit after tax		131,070,953	199,536,747	4,410,162	128,557,469	12,072,259	14,260,777	10,294,381	(133,882,894)	18,955,302	7,576,668
Balance sheet as at		31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Stated capital		150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	1,306,670	1,306,670	1,306,670
Revaluation reserve		1,238,570,075	1,118,035,345	1,225,739,558	1,075,401,531	532,673,686	532,673,686	531,148,140	643,668,556	32,742,036	8,645,424
Revenue reserve		540,702,512	418,477,181	210,310,533	219,733,468	87,674,924	76,005,164	55,101,697	21,187,263	155,332,007	134,220,495
		1,929,907,262	1,687,147,196	1,586,684,761	1,445,769,669	770,983,280	759,313,520	736,884,507	666,162,489	189,380,713	144,172,589
Non controlling Interest		12,316,697	11,175,322	11,486,931	10,993,073	5,846,623	5,874,708	5,886,720	7,239,320	(6,662)	(4,828)
Non current liabilities		587,459,687	524,050,836	356,077,299	315,580,753	244,206,099	240,624,227	223,874,899	48,594,023	49,820,001	46,792,289
		2,529,683,646	2,222,373,354	1,954,248,991	1,772,343,495	1,021,036,002	1,005,812,455	966,646,126	721,995,832	239,194,052	190,960,050
Property Plant & equipment		1,883,062,615	1,698,501,366	1,629,893,197	1,439,744,424	836,572,851	853,254,785	870,327,120	812,778,160	214,724,934	193,419,557
Right of use assets		2,316,667	6,144,167	9,971,667	13,799,167	-	-	-	-	-	-
Intangible assets		3,585,635	5,340,584	6,060,584	2,300,000	1,680,000	2,160,000	795,117	2,112,869	3,569,076	4,411,671
Current Assets		1,542,156,891	1,695,065,771	1,173,414,000	1,000,392,747	831,418,542	756,512,501	728,840,233	659,520,098	685,834,696	580,879,085
Current liabilities		(901,438,162)	(1,182,678,532)	(865,090,455)	(683,892,843)	(648,635,391)	(606,114,831)	(633,316,344)	(752,415,295)	(664,934,654)	(587,750,263)
Capital employed		2,529,683,646	2,222,373,354	1,954,248,991	1,772,343,495	1,021,036,002	1,005,812,455	966,646,126	721,995,832	239,194,052	190,960,050



SWADESHI
ESTD: 1941

THE SWADESHI INDUSTRIAL WORKS PLC.
(Manufacturer and Marketer of Personal Care and Fabric Care Products)

57, Colombo Road, Kandana, Sri Lanka.