

Our True Devotion

E. B. Creasy & Company PLC

Annual Report 2021/22

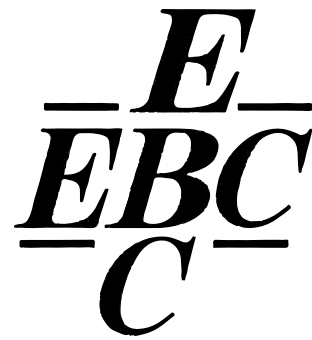




Our True Devotion

Our true devotion is serving the people of this country through our work in multiple sectors that range from healthcare, personal care, home care, food to energy, logistics, and much more. Through challenging times, we have remained committed to the nation delivering on our promises while seeking new opportunities to ensure continued growth. It is for this reason that we focused on penetrating the FMCG sector by expanding our distribution channels to further enhance our service and product offerings. We achieved performance excellence in key sectors including personal care, home care, healthcare, and food during this financial year, reaffirming our commitment and true devotion of over 140 years to the nation.

ABOUT US & THIS REPORT



The Annual Report of E. B. Creasy & Co. PLC for the financial year ended 31st March 2022 is prepared with the aim of presenting a comprehensive assessment of the Group's performance during the financial year.

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

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

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

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

The Financial Statements of the Company and its Group for the year ended 31st March 2022 have been prepared and presented in accordance with Sri Lanka Accounting Standards (LKAS and SLFRS), the Companies Act No. 7 of 2007, and Listing Rules of the Colombo Stock Exchange. The Company is in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. The Board and Board sub-committees comprising Independent Non-Executive Directors ensure compliance with good governance principles and effectiveness of Group's system of internal control to underpin its value creation process the organisational profile, business strategy, group structure, principal activities, Board of Directors and other corporate information have been presented in the Report. The Report also contains an encompassing discussion about various stakeholder aspects and their significance to the Group and the Group's response and mode of engagement in addressing diverse stakeholder concerns.

This Annual Report relates to the business operations of E. B. Creasy & Co. PLC and its subsidiaries, collectively referred to as the 'E. B. Creasy Group', for the 12-month period ended 31st March 2022 operating in Sri Lanka. Comparative information has been presented for the 12-month period ended 31st March 2021. There have been no changes in reporting scope, accounting policies and/or boundaries from the previous year. Non-financial information in this Report pertaining to the previous year has not been restated, unless otherwise stated.

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

Feedback and Inquiries

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

Please send your inquiries and feedback on this Report to:

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

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Corporate Information	Inner Back Cover

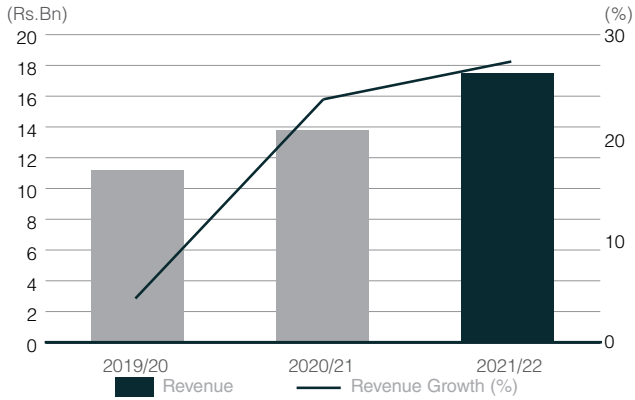
FINANCIAL HIGHLIGHTS

GROUP FINANCIAL HIGHLIGHTS

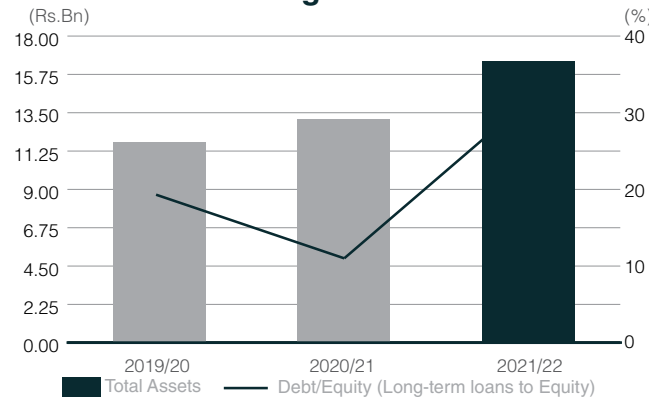
		2021/22	2020/21	2019/20
Financial Performance Highlights				
Revenue	Rs'000	17,508,915	13,766,848	11,186,301
Gross Profit	Rs'000	5,053,447	4,603,430	3,163,493
Operating Profit	Rs'000	1,774,711	1,587,426	520,076
Net Finance Expense	Rs'000	(775,684)	(474,804)	(585,272)
Share of Profit/(Loss) of Equity Accounted Investees	Rs'000	38,614	(280,746)	(301,714)
Profit/(Loss) before Tax	Rs'000	1,037,641	831,876	(366,910)
Profit/(Loss) after Tax	Rs'000	738,111	583,628	(424,508)
Profit/(Loss) attributable to equityholders of the Parent	Rs'000	724,672	510,615	(393,808)
Dividends	Rs'000	380,345	45,638	30,425
Gross Profit Margin	%	29%	33%	28%
Operating Profit Margin	%	10%	12%	5%
Interest Cover	Times	2.29	3.34	0.89
Net Profit/(Loss) Margin	%	4%	4%	-4%
Financial Position Highlights				
Total Assets	Rs'000	16,519,332	13,092,056	11,763,992
Total Equity attributable to equityholders of the Parent	Rs'000	4,970,176	4,154,830	3,491,327
Total Liabilities	Rs'000	11,208,987	8,586,610	8,025,653
Net Current Assets/(Liabilities)	Rs'000	373,675	(157,746)	(892,074)
Current Ratio	Times	1.05	0.98	0.85
Debt/Equity (Long-term Loans to Equity)	%	36%	13%	22%
Gearing (Long-term Loans to Capital Employed)	%	27%	11%	18%
Return on Capital Employed	%	29%	33%	11%
Market and Shareholder Information				
No. of Shares in Issue	Nos	253,545,800	253,545,800	253,545,800
Market Price per Share	Rs	16.80	30.40	8.17
Market Capitalisation	Rs'000	4,259,569	7,707,792	2,071,216
Basic Earnings/(Loss) per Share	Rs	2.86	2.01	(1.55)
Net Assets per Share	Rs	19.60	16.39	13.77
Dividend per Share	Rs	1.50	0.18	0.12
Dividend Payout Ratio	%	90%	49%	30%
Dividend Yield	%	4.9%	2.2%	0.8%

The Company carried out a subdivision of shares on the basis of subdividing every One (01) existing issued ordinary share into One Hundred (100) issued ordinary shares in February 2021. Comparative figures are restated accordingly.

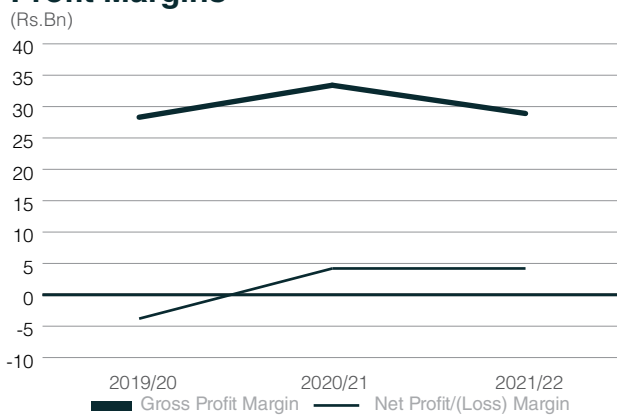
Revenue



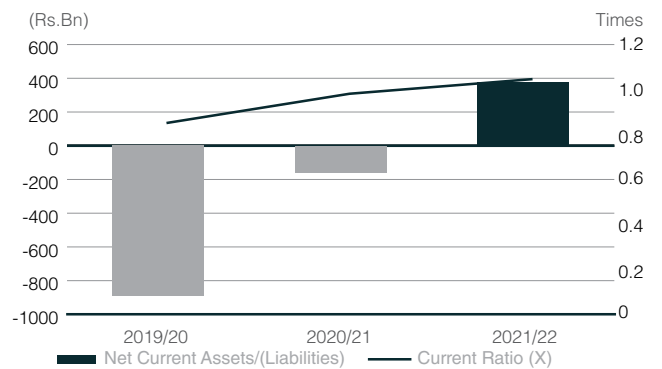
Assets and Gearing



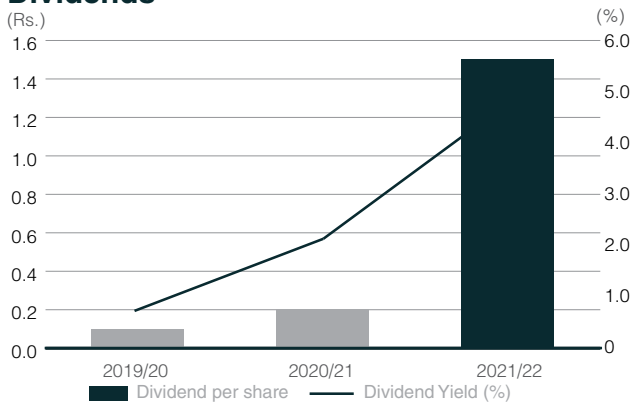
Profit Margins



Liquidity

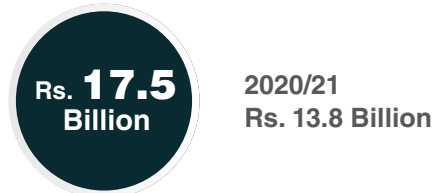


Dividends

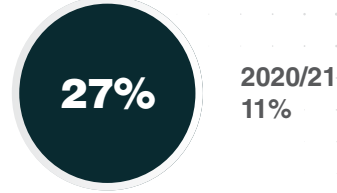


FINANCIAL HIGHLIGHTS

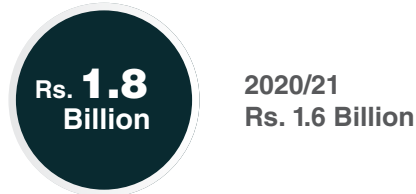
REVENUE



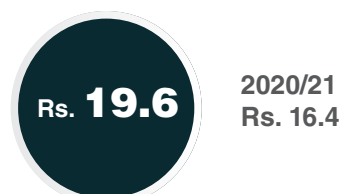
GEARING



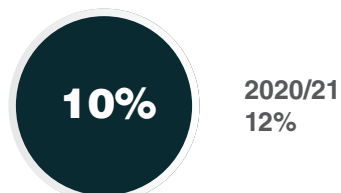
OPERATING PROFIT



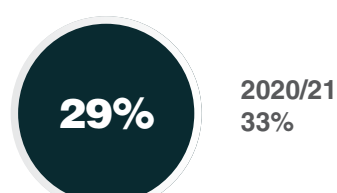
NET ASSETS PER SHARE



OPERATING PROFIT MARGIN



RETURN ON CAPITAL EMPLOYED



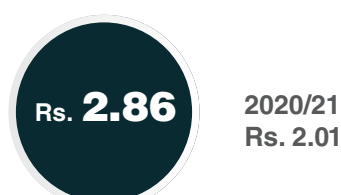
PROFIT BEFORE TAX



DIVIDEND PER SHARE



EARNINGS PER SHARE



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the Company's 89th Annual General Meeting and to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the year ended March 31st, 2022.

The Sri Lankan economy grew at a slower-than-expected rate of 3.7% in 2021, amidst challenges posed by the pandemic, and worsening macroeconomic conditions that reached a critical juncture in 2022. The country is currently experiencing an unprecedented crisis in its history caused by the serious mismanagement of the economy resulting in depletion of foreign exchange reserves, steep depreciation of the Sri Lankan Rupee, rising domestic interest rates stemming from a contractionary monetary policy, and inimical outcomes of the country's rating downgrading resulted from distressed levels of Government debts.

The dismal fiscal sector performance has caused many imbalances in the macroeconomy, which in turn has led to immense difficulties in the day-to-day lives of the people, and resulted in social and political uncertainty. Sri Lanka is now at a landmark point where its future will be determined by the prudent decisions made by the policy-makers today.

The Group, however, has remained resilient and progressed forward, facing the challenges that arose due to the macroeconomic, political, and social conditions. We are encouraged by the progress and growth achieved during the financial year. The cumulative performance for the financial year 2021-22 saw an outstanding growth, which was driven by the Group's commitment to serving its consumers in our core segments, Home Care, Personal Care, Healthcare, and Foods.

By adopting strategies that would minimise disruptions to supply chains with a persistent focus on working capital efficiencies and cost rationalisation measures, the Group was able to record a cumulative revenue and profit before tax of Rs.17.5 billion and Rs.1.0 billion respectively, both reporting an increase of 27 per cent and 25 per cent respectively over the previous year. Headwinds from higher global commodity price levels, freight costs, and the sharp devaluation of the Sri Lankan Rupee and domestic inflationary pressure coupled with numerous unprecedented challenges on the foreign exchange impacted on our Group margins. We continue to adopt measures to mitigate the impact on the Group, while having a medium to the long-term outlook that focuses on new opportunities in diverse areas.

As a Group that is engaged in sectors that contribute to the daily lives of the people in the country, we are cognizant of the fact that our continuity in delivering value and quality consistently is of the utmost importance. The Group's Home Care and Personal Care segments continued a notable volume-led growth momentum with the general trade channel showing steady progress. Furthermore, the Group's healthcare and Foods businesses recorded robust results in revenue and profitability over the previous year.

The interest rates were relatively high during FY21/22 compared to FY20/21. The Group increased its levels of working capital investments to navigate the transitional period which the country was going through. New capital investments were carried out in expanding the Group's manufacturing and warehousing capacities. The Company undertook a refinancing exercise to maintain a desired level of long-term gearing in its capital structure. These resulted in an increase of net finance cost to Rs. 775.68 Mn for the FY21/22, an increase of 63% over the last year. The Group incurred a significant exchange loss on its foreign currency-denominated import liabilities due to the Sri Lankan Rupee being floated on March 9th, 2022, which is also embedded in net finance cost.

During the financial year under review, the Company paid out a total of Rs. 380.35 million by way of dividends amounting to Rs. 1.50 dividend per share.

We made significant investments towards expanding our Home Care and Personal Care manufacturing capacities to strengthen the market position of its product range, while also increasing production efficiencies of the value-added latex manufacturing plant, which caters to high-end export markets intending to increase the Group's foreign exchange earnings. In addition, the Company acquired a property at Gonawala, Sapugaskanda, and set up a new mosquito repellent plant during the financial year. The Group further expanded its manufacturing capacities in the steel wire manufacturing segment. Accordingly, the Group continued seizing opportunities to capitalise in new production capabilities with state-of-the-art technology to grow its underlying businesses sustainably.

CHAIRMAN'S REVIEW

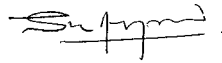
We seek to win market share and improve our margins within our core business verticals through careful investments in brand equity. We strive to improve efficiency and productivity in our manufacturing processes across our plants to maintain stringent quality standards across the entire product portfolio. Further, through various strategic changes, we strengthen our distribution network to accomplish a competitive edge in the market. A culmination of these business strategies will support our future growth to generate value for our stakeholders. In this manner, we continue to make strides while remaining resilient and hopeful that the country will emerge from this current crisis so that the economy can reach its true potential.

We are hopeful that the fiscal and monetary policies of the country will be made with right congruence to reach the economic stability for the country. Including the steps taken to actively manage the country's debt obligations, find immediate financial assistance from other nations, and obtain assistance from the International Monetary Fund for a comprehensive programme. We hope such measures will provide medium-term relief to the people, though there are extreme hardships to be endured in the short-term.

With the economy being seriously contracted by the prevailing monetary policy to counter the colossal inflationary pressure, the year ahead will be extremely challenging one for most of our business sectors across the Group. As such, the business growth is likely to be hampered by the liquidity shortfall in domestic financial markets and by the high cost of capital. In addition, numerous negative externalities in this highly disruptive business landscape including the unavailability of required foreign exchange for raw material imports and the unprecedented currency devaluation are likely to be affecting our overall business model adversely. Nevertheless, we are pragmatic in our approach while remaining cautious and alert to the unfolding situation on the ground, and will continue to capitalise on numerous strategic initiatives in pursuit of business performance and improved capital efficiency to deliver sustainable results with a purpose-driven approach.

The Board of Directors, Management, and treasured employees of E. B. Creasy Group have remained positive amidst adversity, and have persevered to ensure continuity of our operations so that we push for growth and remain resilient to face any challenges that come our way. I wish to extend my sincere gratitude for their loyalty and commitment, while also expressing our appreciation to our valued customers, business partners, and shareholders for their continued trust and confidence in us.

As a Group that has been in Sri Lanka since 1878, we have weathered many storms and emerged stronger and more resilient than before. As such, we continue to remain steadfast with the nation journeying together to ensure that as a country, we reach our potential and enable economic stability so that all our stakeholders may prosper.



S. D. R. Arudpragasam
Chairman
29th August 2022

BOARD OF DIRECTORS

S. D. R. ARUDPRAGASAM FCMA (UK)

CHAIRMAN/MANAGING DIRECTOR

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

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

R. SEEVARATNAM B.SC. (LOND.), FCA (ENG. AND WALES), FCA (ICASL)

DEPUTY CHAIRMAN

Mr. R. Seevaratnam was appointed to the Board as an Independent Non-Executive Director in April 2014 and appointed Deputy Chairman on 1st October, 2017. He was a former senior partner of KPMG. Mr. Seevaratnam is a Director of several listed and unlisted companies.

He is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka and holder of a General Science Degree from the University of London.

S. RAJARATNAM B.SC. CA

JOINT MANAGING DIRECTOR

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

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

A. RAJARATNAM FCA

DIRECTOR

Mr. A. Rajaratnam joined the Board in 1988 and served as Chairman from the year 2003 to September, 2017. He relinquished the Office of Chairman of both The Colombo Fort Land & Building PLC (CFLB) and C M Holdings PLC (CMH) on 30th June 2022 and continues to serve on both Boards as a Non-Executive Director in addition to holding other Directorships within the Group.

Mr. Rajaratnam is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

R. C. A. WELIKALA

DIRECTOR

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

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

DIRECTOR

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

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

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

He holds a Bachelor of Science Degree from the University of Ceylon, a Masters in Business Administration from the University of Colombo and a Diploma in Business Management from NIBM.

BOARD OF DIRECTORS

P. M. A. SIRIMANE

FCA, MBA

DIRECTOR

Mr. P. M. A. Sirimane joined the E. B. Creasy Group in October, 2009 and was appointed to the Board in November, 2009. Amongst other senior positions he has functioned as Managing Director/ CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Financial Officer, Sri Lanka Telecom Ltd. and Director, SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

Mr. Sirimane serves on the Boards of some of the subsidiaries of the E. B. Creasy Group and holds several other Directorships including The Colombo Fort Land & Building PLC (CFLB) on which he serves as Group Finance Director.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia.

A. R. RASIAH

B.SC. (CEY.), FCA

DIRECTOR

Mr. A. R. Rasiah was appointed to the Board as an Independent Non-Executive Director in June 2010. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and finalist of the Chartered Institute of Management Accountants (UK). He holds a Bachelor of Science Degree from the University of Ceylon.

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

S. N. P. PALIHENA

FCIB (UK), FIB (SL), POST GRAD. DIP. BUS. & FA

DIRECTOR

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

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

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

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

DIRECTOR

Dr. A. M. Mubarak was appointed to the Board as an Independent Non-Executive Director in September 2013. Dr. Mubarak a Commonwealth Scholar, has a B.Sc. Degree from the University of Colombo and a Ph.D. from University of Cambridge UK. Dr. Mubarak a former Director and Chief Executive Officer of the Industrial Technology Institute has several years experience in managing industry oriented R&D. Presently he holds the post of Chief of Research and Innovation at the Sri Lanka Institute of Nanotechnology (Pvt) Ltd.

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

Dr. Mubarak serves on the Boards of E.B. Creasy & Company PLC, Lankem Ceylon PLC and on some of the subsidiaries of the aforementioned Companies and as Chairman of Union Chemicals Lanka PLC.

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

DIRECTOR

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

S. W. GUNAWARDENA
B.SC., MBA

DIRECTOR

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

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

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

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

He holds a Bachelor of Science Degree from the University of Colombo and a Masters in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

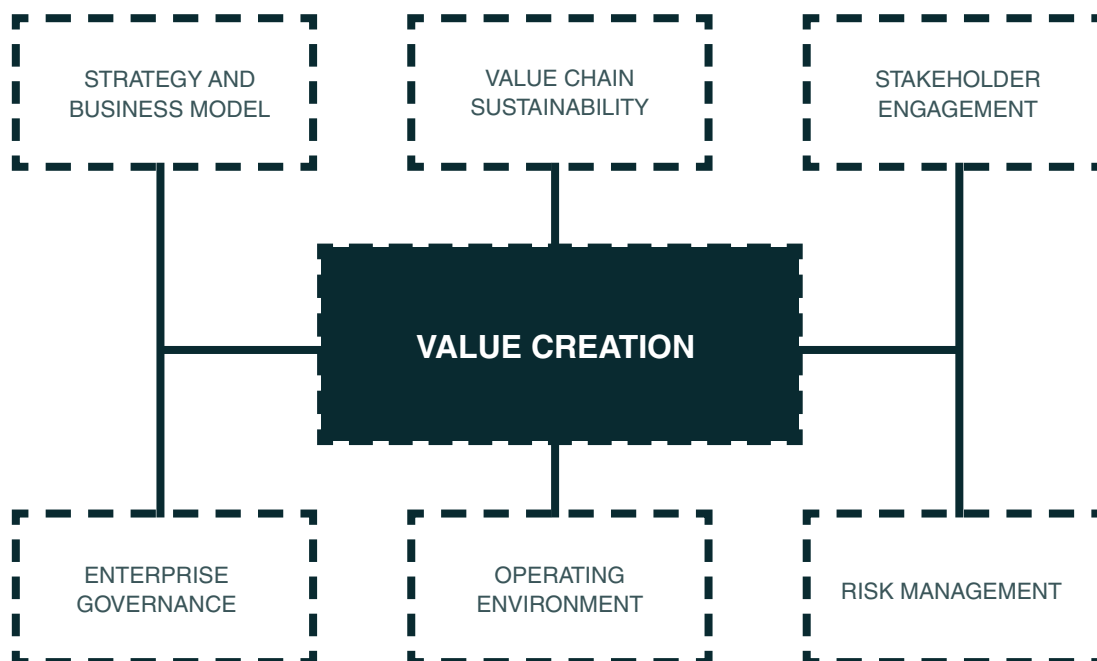
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STRATEGIC REPORT

VALUE CREATION

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

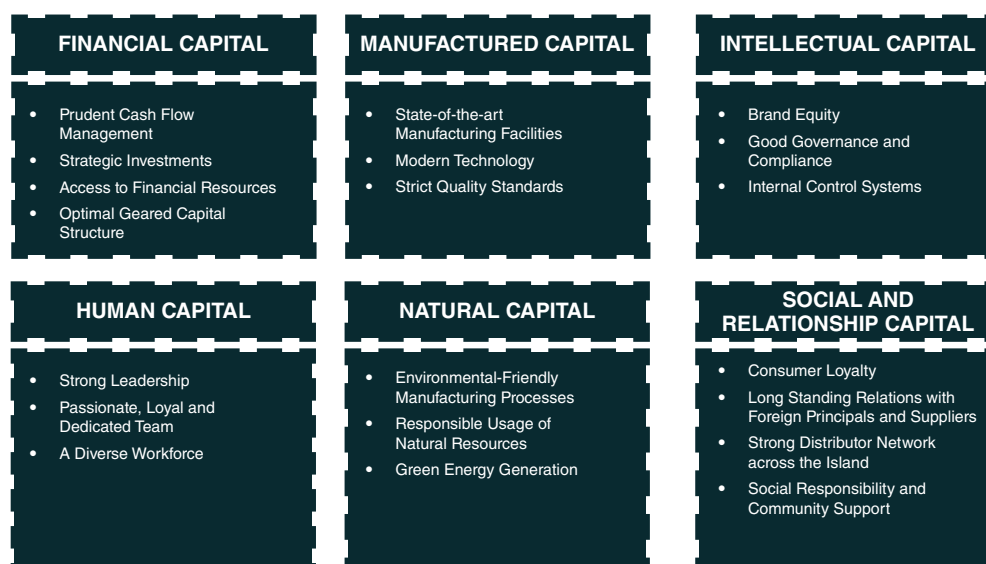


BUSINESS MODEL

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

A. GROUP CAPITALS

The Group deploys its Capitals into its principal activities to create value for all stakeholders.



STRATEGIC REPORT

B. PRINCIPAL ACTIVITIES

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

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

GROUP PROFILE

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

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

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

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

is based on contributing to the betterment of the economy, environment and people, or the triple bottom-line.

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

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

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

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

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

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

CANDY DELIGHTS LIMITED

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

LAXAPANA BATTERIES PLC

In operation since 1956, Laxapana Batteries PLC (formerly known as Elephant Lite Corporation Ltd.) pioneered the manufacturing of dry cell batteries in Sri Lanka – in addition to AA and AAA batteries, CFL and LED bulbs, as well as rechargeable torches. Elephant Lite Corporation Ltd was incorporated as a public limited liability company in 1956

as one of the first industrial ventures set up in the country and was quoted on the Colombo Stock Exchange in 1982. In August 2005, the name of the company was changed to Laxapana Batteries Limited and subsequently re-registered as Laxapana Batteries PLC.

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

MULLER & PHIPPS (CEYLON) PLC

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

E. B. CREASY LOGISTICS LIMITED

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

LANKA SPECIAL STEELS LIMITED

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

CEYFLEX RUBBER LIMITED

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

STRATEGIC REPORT

C. VALUE CREATED FOR OUR STAKEHOLDERS

STAKEHOLDER	VALUE CREATED
Consumers	<ul style="list-style-type: none"> • Constant supply of home care and personal care brands to ensure the products are available to fulfill consumer expectations • International brands sourced from foreign principals for our local consumers • Quality healthcare, food ingredients and confectionary products • Input materials to construction sector • Investments in green energy generation, and energy and lighting products • Value-added products to overseas consumers that earn foreign exchange
Principals and Suppliers	<ul style="list-style-type: none"> • Shared business growth and knowledge • Market development • Ethical business practices
Employees	<ul style="list-style-type: none"> • Employee training and career development • Inspiring lives of employees • Empowered workforce • Compensation packages to retain talent • Human attachment
Business Partners	<ul style="list-style-type: none"> • Fair business terms with distributors • Availability of high quality brands • Supporting small and medium entrepreneurs • Meeting return expectations and shared business growth • Ethical business operations
Shareholders/Financiers	<ul style="list-style-type: none"> • Shareholder wealth creation • Return on investment and dividends • Timely repayments • Relationship management • Business growth • Corporate Governance and ethical business operation
Environment and Communities	<ul style="list-style-type: none"> • Responsible consumption of natural resources • Waste management • Environmentally-friendly manufacturing processes • Creating business opportunities for the surrounding communities • Engaging with our communities and supporting the livelihoods of community entrepreneurs • Sponsoring scholarship programmes
Government	<ul style="list-style-type: none"> • Supporting direct and indirect job creation across the country • Direct and indirect tax payments • Saving foreign exchange for the country • Social welfare support • Enriching lives of the nation through supply of needed consumer goods and healthcare products

STAKEHOLDER ENGAGEMENT

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

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

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

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

STAKEHOLDER	KEY CONCERNS	GROUP RESPONSE	MODE OF ENGAGEMENT
Consumers	<ul style="list-style-type: none"> - Quality of products - Affordability and accessibility - Environmental and Social Responsibilities 	<ul style="list-style-type: none"> - Efficient distribution networks with a widespread reach of consumers - Effective Value Chain with a growing portfolio of affordable products 	<ul style="list-style-type: none"> - Ongoing market surveys - Feedback through distributors
Principals and Suppliers	<ul style="list-style-type: none"> - Business growth - Sustainable business relationships - Ethical and transparent business practices - Shared economic gains 	<ul style="list-style-type: none"> - Compliance and good governance - Timely orders and settlements - Knowledge sharing 	<ul style="list-style-type: none"> - Ongoing communications - Renewal of contracts - Visits and meetings
Employees	<ul style="list-style-type: none"> - Career growth - Fair remuneration - Safety and respect - Grievance protocols - Concern for employees 	<ul style="list-style-type: none"> - Good HR policies reviewed by the Board of Directors - Empowerment, training and talent development - Human attachment 	<ul style="list-style-type: none"> - Performance reviews - Recognition and Awards
Business Partners	<ul style="list-style-type: none"> - Fair business terms - Availability of high quality brands - Profitability growth 	<ul style="list-style-type: none"> - Fulfilling contractual terms - Meeting return expectations and shared business growth - Ethical business operations and compliance 	<ul style="list-style-type: none"> - Ongoing business meetings - Efficient dispute resolutions - Contracts and compliance - Periodic audits
Shareholders/Financiers	<ul style="list-style-type: none"> - Sustainable growth and return on investment - Good governance - Risk management - Timely communication - Prudent investments and ethical business conduct 	<ul style="list-style-type: none"> - Maximise wealth through earnings growth and dividends - Adhering to good corporate governance and risk management practices - Timely disclosures and announcements 	<ul style="list-style-type: none"> - Annual and Quarterly financial reports - Timely notices to the Colombo Stock Exchange - Press Releases

STRATEGIC REPORT

STAKEHOLDER	KEY CONCERNS	GROUP RESPONSE	MODE OF ENGAGEMENT
Environment and Communities	<ul style="list-style-type: none"> - Corporate Social Responsibility - Environment-friendly business activities - Opportunities for shared growth - Support for community needs 	<ul style="list-style-type: none"> - Engagement with local communities creating job opportunities and business relationships - Sponsoring community activities - Community awareness programmes 	<ul style="list-style-type: none"> - Community meetings - Business activities with small and medium local entrepreneurs
Government	<ul style="list-style-type: none"> - Regulatory compliance - Partnership in economic development 	<ul style="list-style-type: none"> - Timely payment of taxes and regulatory fees - Compliance with regulatory requirements - Investments in economic development activities in the country - Renewing certifications and licenses - Staff training and operating manuals 	<ul style="list-style-type: none"> - Regulatory reports - Memberships in business associations - Periodic audits

OPERATING ENVIRONMENT

At present Sri Lanka is facing an economic crisis that has never before been seen in this island nation. Poor fiscal sector performance, caused by short-sighted policy decisions caused many imbalances in the macroeconomy. Low tax revenue, rigid recurrent expenditure, a large budget deficit, and unsustainable debt are the key concerns in the fiscal sector. Furthermore, the country has a shortfall of foreign financing due to the loss of access to international capital markets. Thus, the economic environment is extremely fragile and unpredictable. Consequently, the situation has led to enormous social unrest and political instability, which pose greater challenges to the everyday life of both individuals and businesses.

KEY HIGHLIGHTS – ECONOMIC SECTORS

The Sri Lankan economy recorded a GDP growth of 3.7 per cent in 2021, recovering from the COVID-19 pandemic induced fall back of 3.6 per cent in 2020. The countrywide vaccination rollout encouraged a normal routine and provided more room for economic activities towards the latter part of the year. Recovery was observed across all three major economic sectors, namely Agriculture, Industry, and Services.

Agriculture activities saw an expansion of 2.0 per cent in 2021 in value-added terms, mainly due to expansion in coconut and animal production activities. The agriculture production index (API), recorded a moderate increase of 3.0 per cent during the year over a 2.7 per cent increase in 2020. This was driven by the growth in most of the sub-indices, including paddy, tea,

coconut, livestock, and fisheries. Several measures were taken to generate foreign earnings by enhancing the quality and productivity of export crops.

Industry value-added recovered by 5.3 per cent in 2021, from the contraction of 6.9 per cent in 2020 due to pent-up demand and continuation of operations in the new normal. However, the figures do not reflect the damage caused by supply-side impediments. The recovery in the manufacturing sector enabled Industry growth. Value-added manufacturing activities showed a growth of 7.2 per cent in 2021, from 3.9 per cent recorded in 2020.

The Index of Industrial Production (IIP) recorded an increase in 2021, indicating the recovery in manufacturing activities. The manufacturing of wearing apparel and textiles subsectors made strong headway during 2021 supported by the improvements in global supply chains, and the policy of the Government to facilitate the continuation of manufacturing activities amidst the pandemic.

INDUSTRIAL POLICIES

Several initiatives were taken by the Government to strengthen the industrial sector to enhance the domestic production base. The Board of Investment and Export Development Board focused on development initiatives to facilitate foreign and local investment for domestic manufacturing industries. Technology was identified as essential for a dynamic industrial sector; therefore, the focus was to facilitate technology-

driven initiatives to drive innovation. Training and promotional assistance were provided by Industrial Chambers to enhance the competitiveness of Sri Lankan industries. Furthermore, several loan schemes were introduced for SMEs in line with the National Policy Framework.

UNEMPLOYMENT, WAGES, AND INFLATION

The economically active population increased to 8.553 million in 2021 from 8.467 million in 2020, which is a growth of one per cent. The employed population increased to 8.114 million in 2021 from 7.999 million in 2020 but has not reached pre-pandemic employment levels as yet. The unemployment rate declined to 5.1 per cent in 2021 from 5.5 per cent in 2020. An increase of 126.8 per cent in foreign employment was seen, thereby reaching 121,795 in 2021 from 53,711 in 2020.

Nominal and real wages of both formal and informal private sectors increased in 2021 compared to 2020. Formal private sector wages increased with revisions made to the minimum wages. Furthermore, an increase in informal private sector wages was seen due to higher demand for labour, the normalization of economic activities, and the rising cost of living. In terms of the public sector, the nominal wage rate index remained unchanged, while the real wage rate index decreased in 2021 compared to 2020.

Inflation accelerated in 2021 due to global and domestic supply-side disturbances, an increase in global commodity prices, and upward revisions to administered prices. Core inflation also accelerated due to significant monetary accommodation and policy decisions. Skyrocketed inflation is one of the primary causes of the current social and political unrest.

EXTERNAL SECTOR AND INVESTMENTS

With the gradual rebound in economic activities and targeted policy stimuli investment expenditure at current market prices grew by 23.2 per cent in 2021, recovering from the contraction of 4.2 per cent in 2020. Foreign direct investments, including loans received by BOI during the year, increased by 13.6 per cent to USD 780.2 million in 2021, compared to USD 687.0 million in 2020.

INTEREST RATES AND EXCHANGE RATES

With tight policy measures, short-term market interest rates adjusted upwards followed by a gradual increase in other market interest rates, including yields on Government securities. With challenges in the external sector and inflation fronts, measures were taken to further tighten the monetary policy stance during the first quarter of 2022.

Restrictive policy measures included the raising of policy interest rates, easing of caps on domestic lending rates, removal of caps on foreign currency deposit rates, and raising of rates relevant to concessional mortgage-backed housing loans. With the sharp depreciation of the rupee and the rise in global commodity prices, domestic prices increased rapidly.

The Central Bank significantly tightened its stance on monetary policy in April 2022 by raising its policy interest rates by 700 basis points. This was the highest single-day adjustment in recent history and saw the removal of almost all caps imposed on lending products. Such policy response, along with the expected suppression of import demand with the rupee depreciation and the resultant improvements in supply conditions of key commodities globally, is expected to address underlying demand pressures in the economy. In turn, restoring price and economic stability over the medium term.

The depreciation in the exchange rate reflects the country's adverse balance of payments situation, which in turn affects the financial transactions of the Government and public corporations, and also contributes to a higher cost of living.

OUTLOOK

A holistic national effort is required with the participation of all stakeholders to implement required policy measures and structural reforms to build the credibility of the economy on a sustained basis. We must recognise that IMF assistance does not mean that all problems are solved. It will be helpful to restore the credibility of the country's economic programme, which requires reforms to restore fiscal sustainability, institutional capacity, and macroeconomic stability. The government's immediate priority is to regain debt sustainability. It is of the utmost importance to maintain transparent and clear communication with the public, business, and investor communities on all measures to ensure a sustained reform process to build a robust and resilient economy.

STRATEGIC REPORT

Operating Environment - Impact on the Group

INDICATOR	IMPACT ON GROUP PERFORMANCE 2021-22
GDP Growth	The pandemic resulted in economic contraction during the first half of the financial year. Then a contractionary monetary policy towards the end of the financial year to counter the rising Inflationary pressure resulted in a considerable liquidity gap in domestic financial markets. These slowed down the overall business growth. Nevertheless, the Group is well positioned in essential product categories such as consumer, food and healthcare, which supported the performance during the year.
Inflation	The Group encountered a significant inflationary pressure resulting from oil price hikes in the world market and the sharp depreciation of the Sri Lankan Rupee against foreign currencies.
Exchange Rate	The steep depreciation of the Sri Lankan Rupee impacted negatively on Group margins due to high dependency on imports, and increased exchange losses on foreign currency denominated import bills.
Foreign Exchange	Unavailability of foreign exchange to facilitate import requirements due to severe depletion of country's foreign exchange reserves.
Interest Rate	The increase in interest rates especially towards the latter part of the financial year stemming from a contractionary monetary policy negatively impacted on the Group's profitability through increased borrowing cost.
Technology Shifts	In the midst of the pandemic, the Group launched a number of internet based initiatives to connect remotely to carryout business operations. This opened up new ways of business conduct and use of technology more effectively in day-to-day activities.
Policy Regulations	Certain import restrictions delayed the Group's normal business operation. However, the Group was able to mitigate its impact through immediate actions.

OUR ECONOMIC IMPACT

STATEMENT OF ECONOMIC VALUE ADDED

	2021/22 RS. MILLIONS	2020/21 RS. MILLIONS	CHANGE %
Value Created			
Revenue	17,509	13,767	27%
Share of Profit/(Loss) of Equity Accounted Investees	39	(281)	114%
Other Income/(Expenses)	28	32	-12%
Total Value Created	17,576	13,518	30%
Value Distributed			
Operating Overheads	14,081	10,845	30%
Employee Wages and Benefits	1,451	1,093	33%
Payments to Lenders	842	702	20%
Payments to Shareholders	417	34	1,126%
Payments to Government	193	76	154%
Total	16,984	12,750	33%
Value Retained for Growth/(Deficit)			
Depreciation and Amortisation	234	230	2%
Profit/(Loss) after Dividends	358	538	-33%
Total	592	768	-23%
Total Value Distributed and Retained	17,576	13,518	30%

GROUP BUSINESS STRATEGY

STRATEGY	PLANS	PROGRESS	CHALLENGES
Expanding the portfolio of consumer brands that meet the emerging needs of the consumers	<ul style="list-style-type: none"> - Consolidate and create market leading positions in Home Care and Personal Care sectors - Create brand equity that are close to consumer hearts and minds - Invest in new brands - Invest in efficiency and productivity improvements in our manufacturing processes 	<ul style="list-style-type: none"> - Reinforced brands with new variants – Bubble, Teepol and Denta - Invested in capacity building - Maintained channel excellence - Defended and grew the market share in a challenging environment - Margin improvements through changes to the value chain - Expanded the distribution network with a focused strategy 	<ul style="list-style-type: none"> - Steep depreciation of the Sri Lankan Rupee - High inflationary pressure - Decline in disposable income - Shortage of foreign exchange to facilitate imports - Increase in global commodity prices and freight cost - High cost of funding and contraction of credit facilities
Quality healthcare products to our communities at affordable prices	<ul style="list-style-type: none"> - Inorganic growth strategy - Ensure continuous availability of pharmaceutical products - Good rapport with overseas suppliers 	<ul style="list-style-type: none"> - Added new products to the portfolio and expanded the offering - Maintained supply chain consistency 	<ul style="list-style-type: none"> - Price regulations and rigidity over certain products - Sharp depreciation of the Sri Lankan Rupee reducing profitability
Invest in Business Growth	<ul style="list-style-type: none"> - Capacity building in steel wire manufacturing facilities - Invest in rooftop solar projects - Market development for food sector 	<ul style="list-style-type: none"> - New manufacturing plants for steel wire manufacturing - Installed and commissioned rooftop solar projects - Uninterrupted supply chain to ensure availability of products 	<ul style="list-style-type: none"> - Curtailed credit growth through economic contraction - High cost of capital - Import restrictions - Depreciation of the Sri Lankan Rupee making investments unviable

INTEGRATING SUSTAINABILITY

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

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

SUSTAINABILITY FRAMEWORK

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

The Group has always emphasised providing products and services that would enhance the quality of life of our consumers. It is for this reason that we ensure that products are of a high standard and that those that meet stringent quality requirements are provided through our Healthcare, Personal and Home Care segments. Furthermore, we believe we must offer products that have been manufactured to

stringent health and safety standards. With production being one of our core operations, we ensure that the raw material used by our manufacturing subsidiaries meets the necessary quality and industry standards by conducting a thorough evaluation of our suppliers. Our manufacturing facilities contribute to the triple-bottom-line through the assurance of quality products, sustainable green practices, and occupational health and safety of employees.

OPERATIONAL SUSTAINABILITY

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

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

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

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

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

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

SUSTAINABLE MANUFACTURING

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

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

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

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

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

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

ENVIRONMENTAL MANAGEMENT STANDARDS AND CONTINUOUS IMPROVEMENT

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

INTEGRATING SUSTAINABILITY

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

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

ACCOUNTABILITY AND TRANSPARENCY

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

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

EMPLOYEE DEVELOPMENT AND OCCUPATIONAL SAFETY

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

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

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

E. B. Creasy & Co. PLC – BIC, Denta Production Facility won the Gold Award in the Manufacturing (Medium Scale) from the National Cleaner Production Centre, Sri Lanka, at the National Cleaner Production Awards-2021. National Cleaner Production Centre (NCPC), Sri Lanka, is the first organisation to launch the Cleaner Production Award Ceremony in 2007 as the pioneer Environmental Awards Programme in Sri Lanka in order to recognise and appreciate the progressive enterprises dedicated to resource efficiency and protection of the environment.

E. B. Creasy & Co. PLC DENTA, BIC Production Facility Wins National Cleaner Production Gold Award



[From left to right] Nilushika Liyana Arachchi - Quality Control Officer Personal Care, Shreshth Martinus - Brand Executive Personal Care, Cheminda Weerakody - Assistant Production Manager Personal Care, Ghaffar Ghouse - Chief Executive Officer Personal Care, Anila Premadasa - Brand Manager Personal Care, Nalin Thushara - Supervisor Maintenance Personal Care, Waruna Ramayjith - Energy & Environment Officer Personal Care
Absent in the photo: Sareth Ranasingha - General Manager Production Personal Care



FINANCIAL PERFORMANCE AND SECTOR REVIEW

FINANCIAL PERFORMANCE REVIEW

FY21/22 was confronted with numerous challenges as we were hit by a pandemic which continued since early 2020 followed by a severe financial crisis the country had ever encountered. At the time of penning this review, the Sri Lankan economy is facing an unprecedented economic crisis caused by the serious depletion of foreign exchange reserves, steep depreciation of the Sri Lankan Rupee, rising domestic interest rates stemmed from a contractionary monetary policy to combat hyperinflation, and inimical outcomes of the country's rating downgrading. Consequently, the situation has led to enormous social unrest and political instability, which pose greater challenges to everyday life of both individuals and businesses.

The cumulative Group revenue and profit before tax stood at Rs.17.5 Billion and Rs.1.04 Billion respectively, both reporting an increase of 27 per cent and 25 per cent respectively over the previous year. The profit before tax grew by Rs. 205.76 Million in FY21/22. The Group's Home Care and Personal Care segments continued a notable volume-led growth momentum with general trade channels showing a steady progress. The Group's Healthcare and Food businesses recorded outstanding results in revenue and profitability over the previous year. The Company paid an interim dividend of Rs.0.50 per share for FY21/22 on 30th March 2022, distributing Rs.126.75 Million to its shareholders.



Despite the challenges encountered in the macroeconomic and social settings, the Group placed on record a resilient performance of another successful financial year. The cumulative performance for the financial year 2021-22 marked an outstanding growth driven by the Group's commitment to serve its consumers in the core segments, Home Care, Personal Care, Healthcare and Foods. The Group continues to execute its strategies to minimise disruptions to supply chains with persistent focus on working capital efficiencies and cost rationalisation measures.

As such, the Company paid out a total dividend of Rs.1.50 per share within the FY21/22, which amounted to Rs.380.3 Million. Against a challenging operating environment, we are encouraged by the progress we have made in the financial year.

In understanding our financial performance, relative to last year, it is important to note that FY20/21 was severely hit by the COVID-19 pandemic, with an unprecedented foreign exchange crisis significantly impacting FY21/22. Our performance was significantly negative in April and May 2020 in the last financial year due to the island-wide pandemic lockdowns; however, our core FMCG and Healthcare businesses have shown continued recovery until the end of Q2 FY 20/21.

Especially in Q2 FY20/21, our performance in these sectors was in line with our original plans. We were again hit by the second wave of COVID-19 during Q3 FY20/21, and the third and fourth waves of the pandemic impacting during Q1 and Q2 FY21/22.

In addition to these pandemic disruptions, the country's foreign exchange reserves were depleting sharply, resulting in a massive constriction in foreign exchange to meet import requirements. With the Sri Lankan Rupee being free-floated on 9th March 2022, the Group incurred a significant exchange loss on its foreign currency denominated import liabilities towards the latter part of the financial year due to a significant depreciation of the Sri Lankan Rupee against major currencies.

The level of working capital investment on imported goods was consciously increased by the Group to combat foreign exchange uncertainty in the financial market. During the year, the Company made significant investments towards expanding its manufacturing capacities including the acquisition of a manufacturing and warehousing premises at Gonawala, Sapugaskanda to enhance the output of the Home Care product range.

Investments were made to increase the production efficiencies of the value-added latex manufacturing plant, which caters to high-end export markets with a view to increasing the Group's foreign exchange earnings. Moreover, the Group carried out a refinancing of short-term loans to maintain a desired level of long-term gearing in its capital structure. These resulted in an increase of Group net finance cost to Rs. 776.32 Million for FY21/22, an increase of 63% over the last year.



The sharp devaluation of the Sri Lankan Rupee coupled with the rising oil and commodity prices in the world market created headwinds of inflationary pressure in the domestic environment. Permanently high price levels and enormous shortages of essential goods have caused political instability as social unrest started building up all over the country. The Central Bank of Sri Lanka adopted a contractionary monetary policy towards the end of the financial year to counter the inflationary pressure in the economy by raising policy interest rates to record high levels. This is highly likely to restrict economic growth due to unavailability of required funding for investments and making many investments financially unviable due to high cost of capital. The high interest rates that apply on borrowings of the Group would see the overall finance cost increasing significantly in the future.

Overall, the Group was ahead of numerous challenges due to our relentless determination to keep its core businesses operating and providing our essential products to our customers across the country. The businesses that account for the majority of our revenue and profitability were sustained and expanded strongly. We have maintained tight control on costs and cash flows and as a result, have significantly improved our cash flow from operations during the financial year, which were partially reinvested in our growing business sectors, brand equity and increased working capital. Under immense challenges and pressure, our teams have done an excellent job in managing the impact of the slowdown in economic activities and supply chain disruptions while addressing the operating challenges to factories and sales and distribution operations. We have made satisfactory progress through the year. However, significant and unpredictable business risks remain.

FINANCIAL PERFORMANCE AND SECTOR REVIEW

Undoubtedly the present business climate has presented a set of unprecedented challenges to our teams, which demands innovation, agility and a sense of urgency to respond swiftly to shifts and changes in the external environment. Even under a hostile business climate, the Group remains determined to fulfill its aspiration of delivering sustainable and profitable growth to maintain acceptable levels of return on capital employed, while ensuring our commitment towards our valued stakeholders.



SECTOR REVIEW

FMCG – CONSUMER BRANDS

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

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

Our Home Care and Personal Care FMCG businesses have witnessed a steady growth in spite of the country's overall economic slowdown and the adverse impact of COVID-19. As such, we report a YoY growth in profit before tax for the financial year under consideration in spite of numerous disturbances witnessed in the market place.

The FMCG sector revenue for FY21/22 stood at Rs. 6.83 Billion (FY20/21 - Rs. 5.41 Billion), indicating a YoY growth of 26%. Due to increased promotional activities in further strengthening our brands and strategic restructuring made to the value chain, segment profits witnessed a growth of 48% over the last year.

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

During the year, the Company made significant investments towards expanding its manufacturing capabilities, including the acquisition of a property at Gonawala, Sapugaskanda to enhance the output of the Home Care product range.

HEALTHCARE AND NUTRITION

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

The Sector focuses on expanding its product portfolio through inorganic growth initiatives. Though revenues were increased significantly during the year, exchange rate volatility affected the sector margins and on the sustainability of the supply chain.

The revenue from the Healthcare sector which operates under Darley Butler & Company Limited stood at Rs. 2.5 Billion for FY21/22 (FY20/21 - Rs. 1.8 Billion), a YoY increase of 39% over last year.

Muller & Phipps (Ceylon) PLC, a subsidiary of E. B. Creasy & Company PLC, our specialised pharmaceutical distribution arm, via its 100% owned subsidiary, Pettah Pharmacy (Pvt) Limited, achieved a revenue of Rs. 1,064.6 Million (FY20/21 - Rs. 750.88 Million). However, the company reported a loss before tax of Rs. 46.11 Million (FY20/21 – a profit before tax of Rs. 40.35 Million) for the financial year under review, predominantly due to exchange losses resulting from foreign currency denominated import bills owing to a sharp depreciation of the Sri Lankan Rupee towards end of the financial year. Though the company recorded a topline growth of 42%, profit before tax declined by 214% over the previous year.

The Healthcare sector has been at the forefront of meeting multiple challenges of the COVID-19 pandemic and then of the financial crisis. Our Pharmaceutical Distribution business operated at expected levels, despite such challenges.



FOOD AND CONFECTIONERY

The Food sector in the Group performed well in the year under review, mainly supplying its product portfolio through the general trade and exclusive channels.

The sector, including the confectionery business, recorded a revenue of Rs. 1,591.3 Million for the financial year (FY20/21 - Rs. 991.25 Million), recording a revenue growth of 61% over the previous year.



STEEL WIRE MANUFACTURING

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

Lanka Special Steels Ltd. was incorporated in Sri Lanka in November 2003, after Tata Steel Ltd. India acquired the business of Mascon Wire Industries, which then became a fully owned subsidiary of E. B. Creasy & Company PLC from 1st April 2015.

The sector witnessed a reasonable performance during the financial year, as the profitability was under enormous pressure due to many disturbances posed to the construction industry. The company invested in new manufacturing plants to expand its business, to achieve its growth aspiration.

Continuing its winning streak for distinction and quality, Lanka Special Steels Limited was awarded the first Runner-Up in the large category at the National Business Excellence Awards 2021 held by the National Chamber of Commerce of Sri Lanka.

FINANCIAL PERFORMANCE AND SECTOR REVIEW



ENERGY AND LIGHTING

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

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

Laxapana Batteries PLC achieved a revenue of Rs. 869.8 Million (FY20/21 - Rs.753.25 Million) and a profit before tax of Rs. 131.0 Million (FY20/21 - Rs. 111.9 Million) for the FY21/22, a growth of 15% and 17% respectively over the last financial year. In line with many of our other businesses, we have seen a notable improvement in performance of Laxapana Batteries PLC in FY21/22.



SOLAR AND HARDWARE

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

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

The Company successfully completed installation of more than 3MW of rooftop solar systems during the financial year and looks forward for impactful Government intervention into prevailing issues in the industry.



EXPORTS

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

Its product range includes Resistance Loop Bands from natural rubber latex, and Exercise Stretch Bands, which are used for a variety of exercises to increase balance, strength and flexibility, Dental Dam, Oral Dam, and Latex Fashion Sheeting.

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



FUTURE OUTLOOK

The Group has delivered resilient performance in FY21/22, despite the profound impact of the ongoing COVID-19 crisis followed by a severe economic crisis in the country. Overall, all our business sectors have shown strong recovery amid pandemic challenges, unprecedented financial crisis resulted from foreign exchange constriction, hyper inflationary pressure right across the economy and business operational disturbances due to social unrest and political instability of the country.

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

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ENTERPRISE GOVERNANCE

CORPORATE GOVERNANCE

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

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

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

1. THE BOARD OF DIRECTORS

BOARD, COMPOSITION AND MEETINGS

The Board comprises the Chairman/Managing Director, Deputy Chairman, Joint Managing Director and nine other Directors who possess expertise in the fields of Finance, Management and Marketing.

NAMES OF DIRECTORS

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

Mr. R. Seevaratnam (Deputy Chairman) - Independent Non-Executive

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

Mr. A. Rajaratnam - Executive

Mr. R. N. Bopearatchy - Executive

Mr. R. C. A. Welikala - Executive

Mr. P. M. A. Sirimane - Executive

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

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

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

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

Mr. S. W. Gunawardena - Executive

DECISION MAKING OF THE BOARD

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

The number of meetings of the Board and the individual attendance by members is shown below:

Name of the Director	Total (3)
Mr. S. D. R. Arudpragasam	3/3
Mr. R. Seevaratnam	2/3
Mr. S. Rajaratnam	2/3
Mr. A. Rajaratnam	Excused
Mr. R. N. Bopearatchy	3/3
Mr. R. C. A. Welikala	3/3
Mr. P. M. A. Sirimane	3/3
Mr. A. R. Rasiah	3/3
Mr. S. N. P. Palihena	3/3
Dr. A. M. Mubarak	1/3
Mr. A. M. de S. Jayaratne	3/3
Mr. S. W. Gunawardena	3/3

RESPONSIBILITIES OF THE BOARD

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

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

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

ENTERPRISE GOVERNANCE

INDEPENDENT JUDGEMENT

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

FINANCIAL ACUMEN

The Board includes seven Finance Professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to Finance.

BOARD BALANCE

The Board comprises five Independent Non-Executive Directors and seven Executive Directors.

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

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

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

Mr. R. Seevaratnam is a Director of the Parent Company, The Colombo Fort Land and Building PLC and of a related company. He has served on the Board of the Parent Company for over a period of nine years. He is also a Director on the Boards of some

of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. However, the Directors having taken into consideration that Mr. R. Seevaratnam, Non-Executive Director, is not directly involved in the management of the Company as well as all other circumstances listed in the rules pertaining to the criteria for defining Independence is of the opinion that Mr. R. Seevaratnam is nevertheless Independent.

SUPPLY OF INFORMATION

Directors are furnished with monthly reports on performance comprising Financial Statements and such other reports and documents as deemed necessary.

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

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

NOMINATION COMMITTEE/APPOINTMENTS TO THE BOARD

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

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

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

RE-ELECTION OF DIRECTORS

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

2. DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

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

DISCLOSURE OF REMUNERATION

Aggregate remuneration paid to Directors is disclosed in Note 31 to the Financial Statements on pages 118 and 119.

3. RELATIONS WITH SHAREHOLDERS

CONSTRUCTIVE USE OF AGM/GENERAL MEETINGS

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

OTHERS

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

MAJOR TRANSACTIONS

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

PRICE SENSITIVE INFORMATION

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

4. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

DISCLOSURES

The Annual Report of the Board of Directors is given on pages 40 to 42 in this Report. The Auditor's Report on the Financial Statements is given on pages 47 to 50 of this Annual Report. Financial Information of business segments are given on pages 119 to 120.

GOING CONCERN

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

INTERNAL CONTROL

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

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

AUDIT COMMITTEE

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 31(b) to the Financial Statements.

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

5. OTHERS

RIGHTS OF EMPLOYEES/OTHER STAKEHOLDERS

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

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

REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of the following members:

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

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

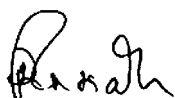
Mr. A. M. de S. Jayaratne
Member Independent/Non-Executive Director

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

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

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

The Committee has met once during the financial year ended 31st March 2022.



A. R. Rasiah
Chairman
Remuneration Committee

29th August 2022

AUDIT COMMITTEE REPORT

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

COMPOSITION

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

The Committee members are as follows,

Mr. A. R. Rasiyah - Chairman
(Independent Non-Executive Director - EBC PLC)

Mr. A. M. de S. Jayaratne - Member
(Independent Non-Executive Director - EBC PLC)

Mr. S. N. P. Palihena - Member
(Independent Non-Executive Director - EBC PLC)

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

Brief profiles of each member are given on pages 9 to 11 of this Annual Report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

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

ROLE OF THE AUDIT COMMITTEE

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

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

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

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

INTERNAL AUDIT RISK AND CONTROL

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

EXTERNAL AUDIT

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

MEETINGS AND ATTENDANCE

The Audit Committee has met on four occasions during the financial year ended 31st March, 2022 and the attendance of the Committee was as follows:

Mr. A. R. Rasiyah	- 4/4
Mr. A. M. de S. Jayaratne	- 3/4
Mr. S. N. P. Palihena	- 2/4

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

AUDIT COMMITTEE REPORT

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

External Auditors were present when appropriate.

AUDIT COMMITTEES – LISTED SUBSIDIARY COMPANIES

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

EXTERNAL AUDIT

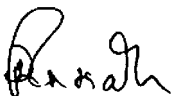
The Company has appointed KPMG as its external Auditors and the service provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

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

The Audit Committee has concurred to recommend to the Board of Directors the reappointment of KPMG as Auditors for the financial year ending 31st March, 2023 subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

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



A. R. Rasiah
Chairman
Audit Committee

29th August 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

COMPOSITION

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

Mr. R. Seevaratnam – Chairman
Independent /
Non-Executive Director, EBC PLC

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

Mr. A. R. Rasiah – Member
Independent /
Non-Executive Director, EBC PLC

Mr. P. M. A. Sirimane – Member
Executive Director, EBC PLC

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

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee has met on three occasions during the financial year ended 31st March, 2022 and the attendance of the Committee was as follows:

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

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

FUNCTIONS OF THE COMMITTEE:

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

CONCLUSION

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

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

The Board of Directors have also declared in the Annual Report that there were non-recurrent related party transactions during the year which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and disclosed the same in Note 31 to the Financial Statements. The Board further declares that recurrent related party transactions are also disclosed in Note 31 to the Financial Statements and that the Company has complied with the requirements of Section 9 of the Colombo Stock Exchange Listing Rules on Related Party Transactions except for the number of meetings held.



R. Seevaratnam
Chairman
Related Party Transactions Review Committee

29th August 2022

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of E. B. Creasy & Company PLC presents their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2022.

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

PRINCIPAL ACTIVITIES, BUSINESS REVIEW/FUTURE DEVELOPMENTS

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

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

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 51 to 123.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 47 to 50.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 56 to 71.

INTEREST REGISTER

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 31 to the Financial Statements on pages 115 to 119.

DIRECTORS' INTEREST IN SHARES

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

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

Name of Director	No. of Shares as at 31.03.2022	No. of Shares as at 31.03.2021
Mr. S. D. R. Arudpragasam	50,430	-
Mr. S. Rajaratnam	3,000	3,000
Mr. S. W. Gunawardena	54,000	54,000

Mr. R. N. Boppearatchy who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. Rajaratnam who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. M. de S. Jayaratne who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. R. Seevaratnam who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. R. Rasiah who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S. N. P. Palihena who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Dr. A. M. Mubarak who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S. D. R. Arudpragasam who is over 70 years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

AUDITORS

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

The Auditors, KPMG were paid Rs. 9.0 Million during the year under review (2020/21 – Rs. 8.2 Million) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs. 1.6 Million (2020/21 – Rs. 1.9 Million) by the Group for non-audit related work, which consisted mainly of tax related work.

In addition to the above, Group companies are engaged with other audit firms. Audit fees in respect of these firms amounted to Rs. 2.2 Million during the year under review (2020/21 – Rs. 2.0 Million).

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

REVENUE

The revenue of the Group for the year was Rs. 17,508.92 Million (2020/21 – Rs. 13,766.85 Million).

RESULTS

The Group made a profit before tax of Rs. 1,037.64 Million (2020/21 – profit of Rs. 831.88 Million). The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 51.

DIVIDENDS

Dividends amounting to Rs.1.50 per share has been paid out during the financial year ended 31.03.2022. This includes the First and Final Dividend of Rs.1/- per share for the year ended 31.03.2021 paid on 1st December, 2021 to the shareholders registered as at end of trading on 16th November 2021 and the Interim Dividend of Rs. 0.50 per share for the year ended 31st March 2022 paid on 30th March 2022 to the shareholders registered as at the end of trading on 11th March 2022.

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

INVESTMENTS

Investments made by the Group are given in Notes 16 and 17 on pages 86 to 92.

PROPERTY, PLANT & EQUIPMENT

During 2021/22, the Group invested Rs. 1,098.17 Million in Property, Plant & Equipment (2020/21 – Rs. 280.94 Million). Further, your Directors are of the opinion that the net amount at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market values as at 31st March, 2022.

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2022 was Rs.25,731,000/- and is represented by 253,545,800 issued and fully-paid ordinary shares. There was no change in the Stated Capital during the year.

RESERVES

The total Group reserves as at 31st March, 2022 comprised of general reserves of Rs. 9.55 Million revaluation reserve of Rs. 2,627.23 Million and retained earnings of Rs. 2,307.66 Million whereas the total Group reserves as at 31st March, 2021 comprised of general reserves of Rs. 9.55 Million, revaluation reserve of Rs. 2,965.73 Million and retained earnings of Rs. 1,153.82 Million.

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

TAXATION

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

Income Tax and other taxes paid and liable by the Group are disclosed in Notes 10 and 26 on pages 74 to 76 and 102 to 104.

RELATED PARTY TRANSACTIONS

In respect of the Financial year ended 31.03.2022 there were non-recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules.

Recurrent related party transactions are disclosed in Note 31 to the Financial Statements. The Company has complied with the requirements of the Listing Rules on Related Party Transactions except for the number of meetings held during the year.

The Related Party Transactions presented in the financial statements are disclosed in Note 31 from pages 115 to 116.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 124 to 125.

EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the Reporting date that would require adjustments to or disclosures are disclosed in Note 35 on page 121.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the Reporting date are disclosed in Notes 33 and 34 on pages 120 to 121.

EMPLOYMENT POLICY

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

SHAREHOLDERS

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

STATUTORY PAYMENTS

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

ENVIRONMENTAL PROTECTION

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

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

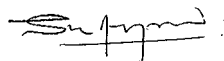
INTERNAL CONTROL

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

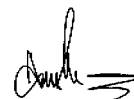
GOING CONCERN

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

For and on behalf of the Board,



S.D.R. Arudpragasam
Chairman/ Managing Director



R.C.A. Welikala
Director

By Order of the Board,



Corporate Managers & Secretaries (Private) Limited
Secretaries

29th August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

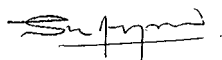
The Directors have provided the Auditors, KPMG, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 47 to 50 of this Report.

The Directors are responsible for:

- Preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable laws and regulations;
- Preparing Financial Statements which give a true and fair view of the state of affairs as at the Balance Sheet date and the Profit or Loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;

- Keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company enabling them to ensure that the Group Financial Statements comply with applicable laws and regulations;
- Establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and regularly reviewing the effectiveness of such process;
- Taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities; and maintaining the integrity of the statutory and audited information available to the public.
- In addition, the Directors consider that, in preparing the Financial Statements:
 - Suitable accounting policies have been selected and applied consistently;
 - Judgments and estimates made have been reasonable and prudent;
 - The Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
 - All Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
 - It is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

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



S.D.R. Arudpragasam
Director



R.C.A. Welikala
Director

29th August 2022

RISK MANAGEMENT

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

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

DESCRIPTION OF RISK	MITIGATION STRATEGIES
<p>INFLATION RISK</p> <p>Inflationary pressure leading to higher cost of production causing profitability plummet</p> <p>Headwinds from higher global commodity prices, oil prices and freight costs</p>	<ul style="list-style-type: none"> • Adopt dynamic pricing strategies • Cost rationalisation measures and budgetary controls • Supplier Relationship Management
<p>FOREIGN EXCHANGE RISK</p> <p>Unavailability of required foreign exchange for imports</p> <p>Potential losses as a result of adverse movements in the exchange rates</p>	<ul style="list-style-type: none"> • Source foreign exchange using Group's strengths • Manage exchange rate risk through appropriate financial risk management techniques • Centralised treasury advisory • Effective price negotiations with suppliers • Dynamic pricing strategies
<p>INTEREST RATE RISK</p> <p>Adverse impact on profitability due to increased finance cost resulting from contractionary monetary policy</p>	<ul style="list-style-type: none"> • Use of appropriate financial and hedging strategies • Negotiate for concessionary interest rates using Group strength • Effective corporate financial management to maintain an optimal capital structure • Focus on working capital efficiencies
<p>FUNDING/LIQUIDITY RISK</p> <p>Contraction on funding and liquidity for business sustainability and growth</p>	<ul style="list-style-type: none"> • Maintain an acceptable retention policy • Use Group's strength as a listed conglomerate to raise economical funding when required • Leverage on brand equity and strong business portfolio
<p>CREDIT RISK</p> <p>Arising from debtors' bankruptcy or credit quality deterioration of customers</p>	<ul style="list-style-type: none"> • Adherence to business specific credit control policies and credit worthiness verification procedures • Protection against credit risk through Bank Guarantees and efficient follow up and collection practices • Customer Relationship Management

DESCRIPTION OF RISK	MITIGATION STRATEGIES
<p>PRODUCT/SERVICE QUALITY RISK</p> <p>Product quality is crucial as the Group's portfolio includes pharmaceutical products, FMCG and infant milk powder</p>	<ul style="list-style-type: none"> • Adequate business-specific quality control divisions to ensure maintenance of high quality standards throughout business processes • Continuous training, quality management and assurance programmes to strengthen the product quality • Internal and external quality inspection • Standardised manufacturing processes • Ongoing investment and improvement initiatives in manufacturing facilities
<p>RISK OF POLITICAL INSTABILITY</p> <p>Adverse impacts arising due to an unstable political environment in the country</p>	<ul style="list-style-type: none"> • Analysing SWOT and PEST factors and developing appropriate strategies • Business diversification and enter alternative markets
<p>PANDEMIC RISK</p> <p>Likelihood that an individual may be harmed or suffered adverse health effects</p> <p>Supply chain disruptions due to re-emerging waves of the pandemic across the world.</p>	<ul style="list-style-type: none"> • Increased inventory levels to ensure uninterrupted supply • Health and Safety related policies and procedures have been implemented across the Group, and employees are continuously trained on conducting operations by adhering to Health and Safety guidelines. • Work from home guidelines are introduced and continuous awareness sessions are conducted
<p>CYBER RISK</p> <p>A cyber-attack or data centre failure resulting in business disruption or breach of corporate or personal data confidentiality</p>	<ul style="list-style-type: none"> • Safeguard critical IT and operational assets by strict IT protocols, firewalls and business continuity plan • Foster a positive culture of cyber-security through various awareness sessions
<p>REGULATORY AND COMPLIANCE RISK</p> <p>Risk of introducing new regulations affecting the business adversely and complexity in compliance with regulatory requirements</p>	<ul style="list-style-type: none"> • Monitor compliance with regulatory requirements • Lobby against regulations that could have a negative impact on business/industry • Look for alternative strategies within the regulatory framework
<p>HUMAN RESOURCE RISK</p> <p>Impact to business competitiveness due to the difficulties to recruit/retain required talent and issues pertaining to industrial relations</p>	<ul style="list-style-type: none"> • Build strong employer brand and better industrial relations
<p>OPERATIONAL RISK</p> <p>Potential losses due to inadequate internal controls, failures of internal processes and systems as a result of natural and human activities</p>	<ul style="list-style-type: none"> • Business continuity plans to ensure the smooth operation of the businesses • Regular internal audits

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

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT



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TO THE SHAREHOLDERS OF E. B. CREASY & COMPANY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of E. B. Creasy & Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out in pages 51 to 123.

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 31st March 2022, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Valuation of lands

Refer significant accounting policies in Notes 4.10 and Note 4.10.1.2 and explanatory Notes 12 and Note 12.2 to the financial statements

Risk description

As at 31st March 2022, the Group's net book value of lands carried at fair value and classified as Property, Plant and Equipment amounted to Rs.4,333.8 Mn.

The Group has engaged an independent professional valuer with appropriate expertise to determine the fair value of these lands in accordance with recognized industry standards. The fair value of lands are dependent on the significant estimate such as per perch price and value per square foot.

We identified valuation of lands as a key audit matter due to the determination of the fair values, which involves significant judgment and estimation and the magnitude of the amounts involved.

Our responses

Our audit responses included;

- Assessing the objectivity, independence, competence and qualifications of the external valuer.
- Involving our own valuation specialist and assessing the key assumptions applied and conclusions made in deriving the fair value of the properties and comparing the fair value of properties with evidence of current market values. In addition, evaluating the valuation methodologies with reference to recognized industry standards.
- Evaluating the adequacy of disclosures made in the financial statements in relation to fair value of freehold land in accordance with the relevant accounting standard.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
T.J.S. Rajakariv FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alshakoon ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS

INDEPENDENT AUDITORS' REPORT

Recognition of deferred tax assets

Refer significant accounting policies in Note 4.8 and explanatory Note 26 to the financial statements

Risk description

The Group recognized deferred tax assets of Rs.210 Mn as at 31st March 2022 in respect of deductible temporary differences and unused tax losses which management considered would be utilized or recovered in the future through the generation of future taxable profits or offset against deferred tax liabilities.

The recognition of deferred tax assets relies on the exercise of significant judgment by management in respect of assessing the sufficiency of future taxable profits and the probability of such future taxable profit being generated and reversals of existing taxable temporary differences.

We identified the recognition of deferred tax assets as a key audit matter because of its significance to the financial statements and the significant management judgement and estimation required in forecasting of future taxable profit which could be subject to error or potential management bias.

Our responses

Our audit procedures included:

- Using our own tax specialist to evaluate the tax strategies that the Group expects will enable the successful recovery of the recognised tax assets.
- Reconciling tax losses and expiry dates to tax statements.
- Assessing the accuracy of forecast future taxable profit by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes.
- Valuating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Carrying value of Inventories

Refer significant accounting policies in Note 4.9 and explanatory Note 18 to the financial statements

Risk Description

The Company and Group recorded inventories amounting to Rs. 1,385.5 Mn and Rs.3,416.7 Mn respectively at 31st March 2022. This amounts to 12% and 21% of the Company's and Group's total assets respectively.

The Company and Group have significant amount of inventory and judgment is exercised with regard to categorisation of stocks as obsolete and/or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realizable value. Given the level of judgements and estimates involved this is considered to be a key audit matter.

Our response

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over inventory valuation and identify slow moving and obsolete inventories.
- Comparison of inventory levels, by product group, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified and challenge the categorisation as obsolete or slow moving.
- On a sample basis, physically verify the inventories as at reporting date.
- Assessing the realisations of inventories during the period and after the period end, in particular of clearance categories, and compare these to the expected recoveries for inventory categorized as obsolete and/or slow moving at the period end date.
- Assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning.

Revenue recognition

Refer significant accounting policies in Note 4.4 and explanatory Note 6 to the financial statements

Risk description

As described in Note 6 to the financial statements, the Company and Group recorded revenue of Rs. 5,860 Mn and Rs.17,509 Mn. respectively for the year ended 31st March 2022.

Revenue from sale of goods is recognised when control has been transferred to the buyer; and is measured net of trade discounts.

Based on the Company's/Group's business model, there are many different types of revenues, arising from different types of transactions and events with customers.

In addition, the Company/Group considers revenue as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for revenue to be recognised prior to control being transferred.

Considering above factors, we identified revenue as a key audit matter based on the significant judgement involved in determining point of recognition and inherent risk.

Our responses

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition and measurement.
- Evaluating the appropriateness of the Group's revenue recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per SLFRS 15.
- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.
- Performing test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognised and measured in accordance with the contractual terms of the contract and the Group accounting policies.
- On a sample basis, comparing specific revenue transactions recorded before and after the financial year end with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognized in the correct financial period.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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



CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
29th August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue	6	17,508,915	13,766,848	5,860,050	5,323,615
Cost of Sales		(12,455,468)	(9,163,418)	(4,213,391)	(3,643,479)
Gross Profit		5,053,447	4,603,430	1,646,659	1,680,136
Other Income/(Expenses)	7	28,266	31,675	18,942	14,683
Selling and Distribution Expenses		(1,755,029)	(1,698,397)	(380,245)	(511,601)
Administrative Expenses		(1,551,973)	(1,349,282)	(577,497)	(495,966)
Finance Income	8.1	112,751	55,102	240,325	97,930
Finance Expenses	8.2	(888,435)	(529,906)	(440,728)	(274,071)
Share of Results of Equity Accounted Investees	17.2	38,614	(280,746)	-	-
Profit before Tax	9	1,037,641	831,876	507,456	511,111
Income Tax Expense	10.a	(299,530)	(248,248)	(45,274)	(90,170)
Profit for the Year		738,111	583,628	462,182	420,941
Other Comprehensive Income/(Expense)					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of Retirement Benefit Obligation	27	265,608	(113,063)	129,255	(46,986)
Equity Investment at FVOCI - Net Changes in Fair Value		(14,681)	7,133	31,386	(320)
Deferred Tax on Remeasurement of Retirement Benefit Obligation	10.b	(54,022)	23,827	(23,266)	8,457
Share of Other Comprehensive Income of Equity Accounted Investees, Net of Tax	17.2	675	43,149	-	-
Deferred Tax Effect on Revaluation Gain due to change in income tax rate	10.b	-	291,445	-	277,759
Revaluation Gain on Freehold Land	12	360,308	-	275,591	-
Deferred Tax Effect on Revaluation Gain	10.b	(68,978)	-	(49,606)	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Debt Investments at FVOCI - net change in fair value		(5,077)	(4,660)	-	-
Debt Investments at FVOCI - reclassified to profit or loss		-	(1,330)	-	-
Other Comprehensive Income for the Year, Net of Tax		483,833	246,501	363,360	238,910
Total Comprehensive Income for the Year		1,221,944	830,129	825,542	659,851
Profit Attributable to:					
Equity Holders of the Parent		724,672	510,615	462,182	420,941
Non-controlling Interest		13,439	73,013	-	-
Profit for the Year		738,111	583,628	462,182	420,941
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		1,195,691	753,801	825,542	659,851
Non-controlling Interest		26,253	76,328	-	-
Total Comprehensive Income for the Year		1,221,944	830,129	825,542	659,851
Earnings Per Share (Rs.)	11.1	2.86	2.01	1.82	1.66

The Accounting Policies and Notes on pages 56 to 123 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	6,288,800	5,043,655	4,657,896	3,639,867
Investment Property	13	2,800	2,800	-	-
Right of Use Assets	14	148,490	139,463	251,248	257,467
Intangible Assets	15	208,080	240,233	13,063	42,170
Investments in Subsidiaries	16.1	-	-	2,070,397	1,916,267
Other Financial Assets measured at Fair Value through OCI	16.3	1,149,561	503,945	496,645	1,443
Other Financial Assets measured at Amortised Cost	16.4.1	-	54,175	-	-
Investments in Equity Accounted Investees	17	-	198,333	-	261,321
Deferred Tax Assets	26.1	210,181	357,796	-	-
Total Non-Current Assets		8,007,912	6,540,400	7,489,249	6,118,535
Current Assets					
Inventories	18	3,416,710	2,819,376	1,385,536	966,819
Trade and Other Receivables	20	3,141,472	2,560,854	105,642	57,204
Amount Due from Related Companies - Trade	19.1	1,488	-	1,652,122	1,010,043
Amount Due from Related Companies - Non-trade	19.2	66,788	279,725	336,637	741,636
Loans due from Related Parties	16.4.2	208,173	164,232	158,673	131,232
Income Tax Recoverable		2,538	16,069	-	-
Cash and Cash Equivalents	21.1	1,674,251	711,400	584,125	8,341
Total Current Assets		8,511,420	6,551,656	4,222,735	2,915,275
Total Assets		16,519,332	13,092,056	11,711,984	9,033,810
EQUITY AND LIABILITIES					
Equity					
Stated Capital	22	25,731	25,731	25,731	25,731
General Reserves	23.1	9,548	9,548	9,548	9,548
Revaluation Reserve	23.2	2,627,234	2,965,733	2,283,584	2,057,599
Retained Earnings		2,307,663	1,153,818	2,392,474	2,173,262
Equity Attributable to Equity Holders of the Company		4,970,176	4,154,830	4,711,337	4,266,140
Non-Controlling Interest		340,169	350,616	-	-
Total Equity		5,310,345	4,505,446	4,711,337	4,266,140
Non-Current Liabilities					
Loans and Borrowings	24.1	1,374,476	143,593	1,232,096	44,134
Lease Liabilities	24.4	208,036	189,176	269,251	262,328
Deferred Income and Capital Grants	25	4,008	4,268	4,008	4,268
Deferred Tax Liabilities	26.2	666,770	572,090	519,473	442,769
Retirement Benefit Obligations	27	817,952	968,081	594,093	645,971
Total Non-Current Liabilities		3,071,242	1,877,208	2,618,921	1,399,470
Current Liabilities					
Loans and Borrowings	24.2	3,846,888	2,176,732	2,848,189	1,570,745
Lease Liabilities	24.4	30,965	30,164	22,276	25,053
Current Taxation Payable		89,703	150,126	28,511	90,582
Trade and Other Payables	28	3,441,202	3,238,218	692,676	943,769
Amount Due to Related Companies	29	88,131	13,719	427,483	58,039
Bank Overdrafts	21.2	640,856	1,100,443	362,591	680,012
Total Current Liabilities		8,137,745	6,709,402	4,381,726	3,368,200
Total Equity and Liabilities		16,519,332	13,092,056	11,711,984	9,033,810

The Accounting Policies and Notes on pages 56 to 123 form an integral part of these Financial Statements.

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

R. Rathnasekara

Ravi Rathnasekara

Chief Financial Officer

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

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

S.D.R. Arudpragasam

S.D.R. Arudpragasam

Director

29th August 2022

Colombo

R.C.A. Welikala

R.C.A. Welikala

Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Note	Attributable to Equity Holders of Parent					Non-Controlling Interest Rs. '000	Total Rs. '000
		Stated Capital Rs. '000	General Reserves Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000		
Balance as at 1st April 2020		25,731	9,548	2,630,038	826,010	3,491,327	247,012	3,738,339
Adjustments due to change in holding	16.1.1	-	-	-	(15,300)	(15,300)	15,300	-
Effect of Acquisition, Disposals and Changes in Percentage in Subsidiaries of Equity Accounted Investees		-	-	-	(29,360)	(29,360)	-	(29,360)
Total Comprehensive Income for the Year :								
Profit for the Year		-	-	-	510,615	510,615	73,013	583,628
Other Comprehensive Income/(Expense) for the Year		-	-	335,695	(92,509)	243,186	3,315	246,501
Total Comprehensive Income for the Year		-	-	335,695	418,106	753,801	76,328	830,129
Transactions with owners of the Company :								
Dividend Paid	11.3	-	-	-	(45,638)	(45,638)	-	(45,638)
Rights Issue by Subsidiary	16.1.1	-	-	-	-	-	30,861	30,861
Dividend for Non-Controlling Interest	16.1.1	-	-	-	-	-	(18,885)	(18,885)
Balance as at 31st March 2021		25,731	9,548	2,965,733	1,153,818	4,154,830	350,616	4,505,446
Total Comprehensive Income for the Year :								
Profit for the Year		-	-	-	724,672	724,672	13,439	738,111
Other Comprehensive Income for the Year		-	-	291,330	179,689	471,019	12,814	483,833
Total Comprehensive Income for the Year		-	-	291,330	904,361	1,195,691	26,253	1,221,944
Transfer of Revaluation Surplus on derecognition of Equity Accounted Investee		-	-	(629,829)	629,829	-	-	-
Transactions with owners of the Company :								
Dividend Paid	11.3	-	-	-	(380,345)	(380,345)	-	(380,345)
Dividend for Non-Controlling Interest	16.1.1	-	-	-	-	-	(36,700)	(36,700)
Balance as at 31st March 2022		25,731	9,548	2,627,234	2,307,663	4,970,176	340,169	5,310,345

COMPANY

		Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2020		25,731	9,548	1,779,840	1,836,808	3,651,927
Total Comprehensive Income for the Year :						
Profit for the Year		-	-	-	420,941	420,941
Other Comprehensive Income/(Expense) for the Year		-	-	277,759	(38,849)	238,910
Total Comprehensive Income for the Year		-	-	277,759	382,092	659,851
Transactions with owners of the Company :						
Dividend Paid	11.3	-	-	-	(45,638)	(45,638)
Balance as at 31st March 2021		25,731	9,548	2,057,599	2,173,262	4,266,140
Total Comprehensive Income for the Year :						
Profit for the Year		-	-	-	462,182	462,182
Other Comprehensive Income for the Year		-	-	225,985	137,375	363,360
Total Comprehensive Income for the Year		-	-	225,985	599,557	825,542
Transactions with owners of the Company :						
Dividend Paid	11.3	-	-	-	(380,345)	(380,345)
Balance as at 31st March 2022		25,731	9,548	2,283,584	2,392,474	4,711,337

For the Year ended 31st March	Note	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Dividend Per Share (Rs.)	11.3	1.50	0.18	1.50	0.18

The Accounting Policies and Notes on pages 56 to 123 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cash Generated from Operations					
Profit Before Tax		1,037,641	831,876	507,456	511,111
Adjustments for:					
Depreciation on Property, Plant and Equipment and amortisation of Right of Use Assets	12/14	233,833	230,245	123,242	124,109
Provision for Impairment on Property, Plant and Equipment	12	-	216	-	-
Gain on Disposal of Property, Plant and Equipment	7	(13,488)	-	-	-
Share of Results of Equity Accounted Investees	17.2	(38,614)	280,746	-	-
Impairment Provision/(Reversal) of Trade Receivables	19.1/20.1	24,027	27,920	2,145	(4,133)
Impairment Provision/(Reversal) of Amounts Due from Related Companies	19.2.1	(17,119)	35,334	(21,234)	(8,382)
Impairment Provision/(Reversal) for Investment in Debt Securities	16.4.1.2	(44,325)	22,162	-	-
Impairment Provision of Financial Assets Measured at Amortised Cost	16.4.2.2	44,159	16,577	30,659	3,077
Impairment Provision of Inventories	18.1	29,476	46,138	8,005	4,710
Provision for Retiring Benefit Obligations	27	156,165	133,365	97,042	89,574
Amortisation of Deferred Income and Capital Grants	25	(260)	(260)	(260)	(260)
Interest Income	8.1	(75,104)	(29,366)	(27,517)	(10,486)
Dividend Income	8.1	(8,801)	(8,204)	(181,333)	(60,317)
Interest Expense	8.2	483,697	395,018	358,970	248,139
Debt Investments at FVOCI - reclassified to profit or loss	8.1	-	(1,330)	-	-
Amortisation of Intangible Assets	15	34,032	40,864	30,567	37,612
Fair Value change on Forward Contracts		-	8,655	-	-
Exchange Fluctuation	24.4	8,230	787	-	-
Operating Profit before Working Capital Changes		1,853,549	2,030,743	927,741	934,754
(Increase)/Decrease in Inventories		(626,810)	(560,726)	(426,723)	(250,193)
(Increase)/Decrease in Trade and other Receivables		(638,260)	(469,090)	(681,495)	(100,543)
(Increase)/Decrease in Amounts Due from Related Parties		228,529	(59,649)	527,995	(128,145)
Increase/(Decrease) in Related Party Payables		74,412	4,673	369,444	930
Increase/(Decrease) in Trade and other Payables		168,945	929,126	(299,199)	287,357
Cash generated from operations		1,060,365	1,875,077	417,763	744,160
Retiring Gratuity Paid	27	(40,686)	(24,132)	(19,665)	(11,938)
Interest Paid		(422,036)	(366,403)	(287,296)	(214,472)
Income Taxes Paid		(193,474)	(76,160)	(103,513)	(42,438)
Net Cash Flows from Operating Activities		404,169	1,408,382	7,289	475,312

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cash Flows from Investing Activities					
Purchase and construction of Property, Plant and Equipment	12	(1,098,174)	(280,944)	(848,609)	(134,785)
Proceeds from Disposal of Property, Plant and Equipment		16,577	2,363	-	-
Investment in Intangible Assets	15	(1,879)	(8,649)	(1,460)	-
Investments in Subsidiaries	16.1	-	-	(154,131)	(377,514)
Investments in Financial Assets classified as FVOCI		(308,516)	-	(181,758)	-
Loans Granted to Related Companies	16.4.2	(180,000)	(91,900)	(150,000)	(91,900)
Loans Recoveries from Related Companies	16.4.2	41,400	-	41,400	-
Fund Transfers to Related Companies		-	(50,500)	(101,763)	(116,040)
Proceeds from Disposal of Investment		29,764	-	29,764	-
Dividend Income Received	8.1	8,801	8,151	181,333	60,262
Interest Income Received	8.1	75,104	29,366	27,517	10,486
Net Cash Flows used in Investing Activities		(1,416,923)	(392,113)	(1,157,707)	(649,491)
Cash Flows from Financing Activities					
Lease Rental Paid	24.4	(48,802)	(42,306)	(41,438)	(39,965)
Long-Term Loans Obtained	24.1	1,677,662	-	1,537,204	-
Repayments of Long-Term Loans	24.1	(340,762)	(234,013)	(196,961)	(127,055)
Net movement in Short-Term Loans	24.2	1,564,139	(59,320)	1,125,163	185,053
Dividends Paid	11.3	(380,345)	(45,638)	(380,345)	(45,638)
Net payments to Minority Shareholders	16.1.1	(36,700)	11,976	-	-
Net Cash Flows from/(used in) Financing Activities		2,435,192	(369,301)	2,043,623	(27,605)
Net Increase/(Decrease) in Cash and Cash Equivalents		1,422,438	646,968	893,205	(201,784)
Cash and Cash Equivalents at the Beginning of the Year		(389,043)	(1,036,011)	(671,671)	(469,887)
Cash and Cash Equivalents at the End of Year		1,033,395	(389,043)	221,534	(671,671)
Analysis of Cash and Cash Equivalents					
Bank Overdraft	21.2	(640,856)	(1,100,443)	(362,591)	(680,012)
Cash in Hand & at Bank	21.1	1,674,251	711,400	584,125	8,341
Cash and Cash Equivalents at the End of Year		1,033,395	(389,043)	221,534	(671,671)

The Accounting Policies and Notes on pages 56 to 123 form an integral part of the Financial Statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

The consolidated financial statements of E. B. Creasy & Company PLC, as at and for the year ended 31st March, 2022 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Company and other entities consolidated with it are disclosed under "Group Profile" on pages 14 to 15 of the Annual Report.

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

Changes to significant accounting policies are described in Note 3.

2.2 RESPONSIBILITY OF FINANCIAL STATEMENTS

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

2.3 APPROVAL OF FINANCIAL STATEMENTS BY DIRECTORS

The consolidated financial statements for the year ended 31st March 2022 were authorised for issue by the Directors on 29th August 2022.

2.4 BASIS OF MEASUREMENT

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

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

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.6 CURRENT VS. NON-CURRENT CLASSIFICATION

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

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

Or

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

All other assets are classified as non-current.

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

Or

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

The Group classified all other liabilities as non-current.

2.7 USE OF MATERIALITY AND AGGREGATION

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’.

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

2.8 OFFSETTING

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

2.9 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and judgmental decisions.

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

2.9.1 Judgments

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

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

2.9.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st March 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

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

2.9.3 Estimation uncertainty in preparation of Financial Statements

The ongoing COVID-19 pandemic and the economic crisis in the country have increased the estimation uncertainty in the preparation of these Financial Statements. The estimation uncertainty is associated with:

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

NOTES TO THE FINANCIAL STATEMENTS

2.9.4 Measurement of fair values

Fair value

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

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

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

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

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

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

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

2.9.5 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements. Furthermore, when determining the basis of preparing the financial statements for the year ended 31st March 2022, based on the available information, the management has assessed the existing and anticipated effects of present business challenges on the group companies and the appropriateness of the use of the going concern basis.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the Accounting Policies to all periods presented in these Financial Statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 BASIS OF CONSOLIDATION

BUSINESS COMBINATIONS AND GOODWILL

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The consolidated financial statements (referred to as the 'Group') comprise the financial statements of the Company, its subsidiaries and the Group's interest in equity accounted investees (Associates).

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

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

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

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

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

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

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

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

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

4.1.1 Subsidiaries

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

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

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

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

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

4.1.2 Investments in associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4.1.3 Acquisition of entities under common control

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

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

4.1.4 Transactions eliminated on consolidation

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

4.1.5 Non-controlling interest

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

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

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

4.1.6 Loss of control

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

4.2 FOREIGN CURRENCY

4.2.1 Foreign currency transactions

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

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

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

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

4.3 DISCONTINUED OPERATION

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

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

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

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

4.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generates revenue through sales.

Performance obligation and revenue recognition policies

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

(A) Sale of Goods

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

(B) Rendering of Services

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

4.5 EMPLOYEE BENEFITS

4.5.1 SHORT-TERM EMPLOYEE BENEFITS

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

4.5.2 Defined contribution plans

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

4.5.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the statement of financial position date. The defined benefit

obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The gratuity liability was based on the actuarial valuation carried out.

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

When the benefits of a plan are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in Profit or Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

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

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

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

4.6 GOVERNMENT GRANTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

4.7 FINANCE INCOME AND FINANCE COSTS

The Group's net finance expense includes:

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

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

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

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

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

4.8 INCOME TAX

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

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

4.8.1 Current tax

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

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

4.8.2 Deferred tax

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

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

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

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

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

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

4.9 INVENTORIES

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

4.10 PROPERTY, PLANT AND EQUIPMENT

4.10.1 Recognition and measurement

4.10.1.1 Cost model

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

4.10.1.2 Revaluation model

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

4.10.1.3 Owned assets

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

4.10.2 Subsequent expenditure

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

4.10.3 Depreciation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

4.10.4 Reclassification to investment property

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

4.10.5 Derecognition

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

4.11 INTANGIBLE ASSETS

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

4.11.1 Recognition and measurement

4.11.1.1 Goodwill

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

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

4.11.1.2 Software

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

4.11.1.3 Other intangible assets

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

4.11.2 Subsequent expenditure

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

4.11.3 Amortisation

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

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

Software	3 years
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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.12 INVESTMENT PROPERTY

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

4.13 LEASES

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

As a lessee

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Short-term leases and leases of low-value assets

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

4.14 FINANCIAL INSTRUMENTS

4.14.1 Recognition and initial measurement

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

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

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

4.14.2 Classification and subsequent measurement

Financial assets - classification

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

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

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

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

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

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

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

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

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

Financial assets - Business model assessment

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

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

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

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

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

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

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

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

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

Financial assets - Subsequent measurement and gains and losses

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

4.14.3.1 Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

4.14.3.2 Financial liabilities

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

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

4.14.4 Offsetting

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

4.14.5 Impairment

Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

4.15 NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

4.17 FAIR VALUE MEASUREMENT

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

4.18 OTHER INCOME

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

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

4.19 EXPENDITURE RECOGNITION

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

4.20 BORROWING COSTS

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

4.21 RELATED PARTY TRANSACTIONS

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

4.22 SEGMENTAL REPORTING

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

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

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

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

4.23 STATEMENT OF CASH FLOWS

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

4.24 STATED CAPITAL

4.24.1 Ordinary shares

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

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

4.24.2 Preference shares

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

4.25 EARNINGS PER SHARE

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

4.26 MOVEMENT OF RESERVES

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

4.27 COMPARATIVE FIGURES

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

4.28 CAPITAL COMMITMENTS AND CONTINGENCIES

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

4.29 EVENTS OCCURRING AFTER THE REPORTING DATE

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

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

- Onerous Contracts - Cost of fulfilling a contract (Amendments to LKAS 37);
- Other standards
 - Covid-19 Related Rent Concessions (Amendments to SLFRS 16)
 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)
 - Reference to Conceptual Framework (Amendments to SLFRS 3)
 - Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1)
 - Annual improvements to SLFRS standards 2018 - 2020, which are not effective as at reporting date
 - IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance Contracts
 - Deferred tax related to assets and liabilities arising from a single transaction (Amendments to LKAS 12)
 - Disclosure of Accounting Policies (Amendments to LKAS 1)
 - Definition of Accounting Estimates (Amendments to LKAS 8)

NOTES TO THE FINANCIAL STATEMENTS

6. REVENUE

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue from Sale of Goods	24,961,910	20,319,260	6,303,928	5,691,070
Revenue from Rendering of Services	255,939	221,396	-	-
Other Services	2,000	2,000	-	-
	25,219,849	20,542,656	6,303,928	5,691,070
Less: Turnover Related Taxes	(1,291,455)	(1,039,985)	(443,878)	(367,455)
Net Revenue	23,928,394	19,502,671	5,860,050	5,323,615
Less: Intra Group Sales	(6,419,479)	(5,735,823)	-	-
	17,508,915	13,766,848	5,860,050	5,323,615

Reportable Segment Revenue

Refer note 32 for the details of operating segments.

7. OTHER INCOME/(EXPENSES)

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Gain on Disposal of Property, Plant and Equipment	13,488	-	-	-
Rental Income & Service Income	9,511	5,073	11,086	8,316
Commission Income	4,162	10,669	-	-
Amortisation of Deferred Income and Capital Grants	260	260	260	260
Sundry Income	19,407	15,673	7,596	6,107
Other Expenses	(18,562)	-	-	-
	28,266	31,675	18,942	14,683

8. NET FINANCE EXPENSES

8.1 FINANCE INCOME

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Interest Income	73,229	22,608	27,517	10,486
Debenture Interest Income	1,875	6,758	-	-
Commission on Corporate Guarantees	19,568	15,486	31,475	27,127
Dividend Income	8,801	8,204	181,333	60,317
Gain on Translation of Foreign Currency	9,278	716	-	-
Reversal of impairment on debt securities	-	1,330	-	-
Total Finance Income	112,751	55,102	240,325	97,930

8.2 FINANCE EXPENSES

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Interest on Overdrafts and Trust Receipt Loans	355,851	310,127	231,724	187,935
Interest on Term Loans	100,225	58,282	92,514	26,225
Impairment Loss on Financial Assets Measured at Amortised Cost	44,159	38,739	30,659	3,077
Interest on Lease Liabilities	27,621	26,610	34,732	33,979
Commission on Corporate Guarantees	2,517	4,177	228	1,978
Loss on Translation of Foreign Currency	358,062	91,971	50,871	20,877
Total Finance Expenses	888,435	529,906	440,728	274,071
NET FINANCE EXPENSES	(775,684)	(474,804)	(200,403)	(176,141)

9. PROFIT BEFORE TAX

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

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Auditors' Remuneration				
KPMG	9,024	8,215	4,125	3,750
Other Auditors	2,245	2,008	-	-
Fees Paid to Auditors for Non-Audit Services				
KPMG	1,608	1,944	756	1,086
Depreciation on Property, Plant and Equipment	210,248	211,004	106,171	107,813
Provision for Impairment on Property, Plant and Equipment	-	216	-	-
Amortisation of Right of Use Assets	23,585	19,241	17,071	16,296
Amortisation of Intangible Assets	34,032	40,864	30,567	37,612
Impairment Provision/(Reversal) of Trade Receivables and Amounts due from Related Companies	6,908	63,254	(19,090)	(12,515)
Impairment Provision of Financial Assets Measured at Amortised Cost	44,159	16,577	30,659	3,077
Impairment Provision/(Reversal) for Investment in Debt Securities	(44,325)	22,162	-	-
Impairment Provision of Inventories	29,476	46,138	8,005	4,710
Donations	93	64	58	63
Staff Cost (Note 9.1)	1,256,969	1,092,561	589,856	516,891

NOTES TO THE FINANCIAL STATEMENTS

9.1 STAFF COST

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Wages and Salaries	803,144	731,038	344,100	323,542
Defined Contribution Plan Cost - MSPS/EPF/ETF	145,698	127,356	48,849	48,061
Defined Benefit Plan Cost - Retiring Gratuity	156,165	133,365	97,042	89,574
Other Staff Cost	55,487	35,893	12,907	-
Bonus	96,475	64,909	86,958	55,714
	1,256,969	1,092,561	589,856	516,891

10. INCOME TAX EXPENSE

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000

a. Amount Recognised in Profit/(Loss)

Current Tax Expense

Income Tax on Profit for the year (Note 10.1)	144,772	200,744	39,595	110,607
Under/(Over) Provision of Current Tax of previous years	1,810	(4,620)	1,847	(4,453)
Economic Service Charge written-off	33,654	68,329	-	-
	180,236	264,453	41,442	106,154

Deferred Tax Expense

Origination/(Reversal) of Temporary Differences (Note 26.1/26.2)	119,294	(41,297)	3,832	(27,682)
Recognition of Tax Effect of previously Unrecognised Tax Losses (Note 10.6)	-	(27,851)	-	-
Due to reduction in the Income Tax rate	-	52,943	-	11,698
	119,294	(16,205)	3,832	(15,984)

Total Income Tax Expense in Profit or Loss

	299,530	248,248	45,274	90,170
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b. Amount Recognised in OCI

Deferred Tax Expense/(Reversal) on Remeasurement of Retirement Benefit Obligations (Note 26.1/26.2)	54,022	(23,827)	23,266	(8,457)
Deferred Tax Reversal on changes in tax rates	-	(291,445)	-	(277,759)
Deferred Tax Expense on Revaluation Surplus of Freehold land (Note 26.1/26.2)	68,978	-	49,606	-
Total Deferred Tax Expense/(Reversal) in OCI	123,000	(315,272)	72,872	(286,216)

10.1 RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Profit Before Tax	1,037,641	831,876	507,456	511,111
Intra-Group Eliminations	-	36,894	-	-
Share of Results of Equity Accounted Investees	(38,614)	280,746	-	-
	999,027	1,149,516	507,456	511,111
Aggregate Disallowable Income	(220,115)	(84,279)	(181,333)	(60,317)
Aggregate Disallowable Expenses	1,032,331	865,910	510,291	487,010
Aggregate Allowable Expenses	(790,283)	(668,581)	(823,329)	(378,861)
Aggregate Tax Losses from Business	129	11,327	-	-
Taxable Profit from Business	1,021,089	1,273,893	13,085	558,943
Income from Other Sources	233,724	81,704	181,333	60,317
Total Statutory Income	1,254,813	1,355,597	194,418	619,260
Tax Losses Claimed	(549,446)	(277,810)	-	-
Total Taxable Income	705,367	1,077,787	194,418	619,260
Income Tax @ 24%	73,875	36,879	18,674	6,322
Income Tax @ 18%	68,577	155,194	20,679	95,745
Income Tax @ 14%	2,320	8,671	242	8,540
Income Tax on Profits for the Year	144,772	200,744	39,595	110,607

10.1.1 Reconciliation of Tax Losses

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance at the beginning of the year	893,169	1,078,219	-	-
Adjustments	131,269	81,433	-	-
Tax Loss utilised during the year	(549,446)	(277,810)	-	-
Tax Loss for the year	129	11,327	-	-
Balance at the end of the year	475,121	893,169	-	-

NOTES TO THE FINANCIAL STATEMENTS

10.2 TAXATION RATES

As per the latest amendments to the Inland Revenue Act No. 24 of 2017 reading together with the Institute of Chartered Accountants of Sri Lanka (ICASL) guideline on application of tax rates, the tax rate given in the Inland Revenue (Amendment) Act No. 10 of 2021 has been considered as at reporting date for current tax and deferred tax computations. Accordingly, E. B. Creasy & Co. PLC and Candy Delights Limited are liable for tax at 18% on profits from business whereas other Companies within the Group, excluding those which are enjoying tax holidays or concessionary rates of taxation as referred to below, are liable for tax at 24%. Dividend income is liable for tax at 14%.

Lanka Special Steels Limited is liable for income tax at 18% in terms of the Agreement Registration Number 322 between Board of Investments of Sri Lanka (BOI) and Lanka Special Steels Limited under the BOI Law No. 04 of 1978.

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

10.3 REVALUATION SURPLUS ON FREEHOLD LAND

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

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

10.4 TAX LOSS CARRIED FORWARD

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

10.5 DEFERRED TAXATION

Deferred tax has been computed by using applicable tax rates liable for income tax for the Company and its subsidiaries for the year of assessment 2021/22.

10.6 RECOGNITION OF TAX EFFECTS OF PREVIOUSLY UNRECOGNISED TAX LOSSES

The Subsidiary Company, Pettah Pharmacy (Private) Limited recorded taxable income of Rs. 53 Mn during the financial year 2020/21. Based on the business plan in the ensuing financial years, the Company is projected to record taxable profit and recoup the tax loss carried forward. Hence, the Company recorded the tax effect of the previously unrecognised tax loss of Rs.27.85 Mn during 2020/21 financial year.

11. EARNINGS PER SHARE/DIVIDEND PER SHARE

11.1 BASIC EARNINGS PER SHARE

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

For the year ended 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
Profit Attributable to the Equity Holders of the Parent (Rs. '000)	724,672	510,615	462,182	420,941
Weighted Average Number of Ordinary Shares (No. '000)	253,546	253,546	253,546	253,546
Basic Earnings per Share (Rs.)	2.86	2.01	1.82	1.66

11.2 DILUTED EARNINGS PER SHARE

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

The Company carried out a subdivision of issued ordinary shares on 2nd February 2021, on the basis of subdividing every One (01) existing issued ordinary share into One Hundred (100) issued ordinary shares, thereby increasing the number of shares of the Company from 2,535,458 to 253,545,800 shares. Comparative Earnings per Share is restated accordingly.

11.3 DIVIDEND PER SHARE

For the year ended 31st March	GROUP		COMPANY	
	2022	2021	2022	2021
Total Dividend Paid (Rs. '000)	380,345	45,638	380,345	45,638
Number of Ordinary Shares (No. '000)	253,546	253,546	253,546	253,546
Dividend per Share (Rs.)	1.50	0.18	1.50	0.18

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

12.1 COMPANY

Cost	Freehold										Work-In Progress Rs. '000	Total Rs. '000
	Land Rs. '000	Buildings Rs. '000	Plant and Machinery Rs. '000	Motor Vehicles Rs. '000	Factory Equipment Rs. '000	Office Equipment Rs. '000	Lab Equipment Rs. '000	Computers Rs. '000	Furniture and Fittings Rs. '000			
Balance as at 1st April 2020	2,925,000	408,021	1,103,184	114,751	28,445	35,562	11,166	80,678	26,960	26,518	4,760,285	
Additions during the year	-	3,164	7,006	-	678	2,390	359	6,979	3,176	111,033	134,785	
Transfers during the year	-	7,661	5,267	-	-	-	-	-	-	(12,928)	-	
Balance as at 31st March 2021	2,925,000	418,846	1,115,457	114,751	29,123	37,952	11,525	87,657	30,136	124,623	4,895,070	
Balance as at 1st April 2021	2,925,000	418,846	1,115,457	114,751	29,123	37,952	11,525	87,657	30,136	124,623	4,895,070	
Additions during the year	541,044	89,849	7,413	12,701	1,259	121	470	9,803	59	185,890	848,609	
Revaluation	275,591	-	-	-	-	-	-	-	-	-	275,591	
Transfers during the year	-	50,111	124,049	-	2,844	-	-	350	-	(177,354)	-	
Balance as at 31st March 2022	3,741,635	558,806	1,246,919	127,452	33,226	38,073	11,995	97,810	30,195	133,159	6,019,270	
Accumulated Depreciation												
Balance as at 1st April 2020	-	164,363	721,098	111,348	14,823	31,362	10,595	71,139	19,563	-	1,144,291	
Depreciation charge for the year	-	20,962	71,038	3,014	2,534	933	258	7,790	1,284	-	107,813	
Balance as at 31st March 2021	-	185,325	792,136	114,362	17,357	32,295	10,853	78,929	20,847	-	1,252,104	
Balance as at 1st April 2021	-	185,325	792,136	114,362	17,357	32,295	10,853	78,929	20,847	-	1,252,104	
Depreciation charge for the year	-	24,542	70,105	2,047	2,670	1,060	326	3,962	1,459	-	106,171	
Balance as at 31st March 2022	-	209,867	862,241	116,409	20,027	33,355	11,179	82,891	22,306	-	1,358,275	
Provision for Impairment												
Balance as at 1st April 2020	-	-	1,408	-	-	-	-	-	-	1,691	3,099	
Balance as at 31st March 2021	-	-	1,408	-	-	-	-	-	-	1,691	3,099	
Balance as at 1st April 2021	-	-	1,408	-	-	-	-	-	-	1,691	3,099	
Balance as at 31st March 2022	-	-	1,408	-	-	-	-	-	-	1,691	3,099	
Carrying Amount												
As at 31st March 2022	3,741,635	348,939	383,270	11,043	13,199	4,718	816	14,919	7,889	131,468	4,657,896	
As at 31st March 2021	2,925,000	233,521	321,913	389	11,766	5,657	672	8,728	9,289	122,932	3,639,867	

Impairment Provision

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

12.2 GROUP

	Freehold				Leasehold			Total Rs. '000
	Land Rs. '000	Buildings Rs. '000	Plant and Machinery Rs. '000	Motor Vehicles Rs. '000	Furniture and Fittings Rs. '000	Motor Vehicles Rs. '000	Work-in- Progress Rs. '000	
Cost								
Balance as at 1st April 2020	3,432,450	719,096	1,890,608	275,774	389,367	5,357	39,778	6,752,430
Additions during the year	-	7,711	34,545	-	34,924	-	203,764	280,944
Disposals during the year	-	-	(6,817)	-	-	-	-	(6,817)
Transfers during the year	-	7,661	15,360	5,357	817	(5,357)	(23,838)	-
Balance as at 31st March 2021	3,432,450	734,468	1,933,696	281,131	425,108	-	219,704	7,026,557
Balance as at 1st April 2021	3,432,450	734,468	1,933,696	281,131	425,108	-	219,704	7,026,557
Additions during the year	541,044	89,849	21,369	12,701	37,359	-	395,852	1,098,174
Revaluation	360,308	-	-	-	-	-	-	360,308
Disposals during the year	-	-	(2,885)	(8,730)	-	-	-	(11,615)
Transfers during the year	-	55,339	137,551	-	29,251	-	(222,141)	-
Balance as at 31st March 2022	4,333,802	879,656	2,089,731	285,102	491,718	-	393,415	8,473,424
Accumulated Depreciation								
Balance as at 1st April 2020	-	218,664	1,016,851	226,979	296,883	5,357	-	1,764,734
Depreciation charge for the year	-	34,143	134,697	12,314	29,850	-	-	211,004
Disposals during the year	-	-	(4,454)	-	-	-	-	(4,454)
Transfers during the year	-	-	-	5,357	-	(5,357)	-	-
Balance as at 31st March 2021	-	252,807	1,147,094	244,650	326,733	-	-	1,971,284
Balance as at 1st April 2021	-	252,807	1,147,094	244,650	326,733	-	-	1,971,284
Depreciation charge for the year	-	37,925	131,736	9,908	30,679	-	-	210,248
Disposals during the year	-	-	(1,150)	(7,376)	-	-	-	(8,526)
Balance as at 31st March 2022	-	290,732	1,277,680	247,182	357,412	-	-	2,173,006
Provision for Impairment								
Balance as at 1st April 2020	-	-	9,356	-	355	-	1,691	11,402
Impairment during the year	-	-	-	-	216	-	-	216
Balance as at 31st March 2021	-	-	9,356	-	571	-	1,691	11,618
Balance as at 1st April 2021	-	-	9,356	-	571	-	1,691	11,618
Balance as at 31st March 2022	-	-	9,356	-	571	-	1,691	11,618
Carrying Amount								
As at 31st March 2022	4,333,802	588,924	802,695	37,920	133,735	-	391,724	6,288,800
As at 31st March 2021	3,432,450	481,661	777,246	36,481	97,804	-	218,013	5,043,655

NOTES TO THE FINANCIAL STATEMENTS

12.3 CAPITAL WORK IN PROGRESS

12.3 CAPITAL WORK IN PROGRESS

Capital Work-in-Progress of Rs. 393.4 Mn in the Group Financial Statements include a sum of Rs. 123.15 Mn attributable to Laxapana Batteries PLC.

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

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

As at the reporting date, Laxapana had entered into agreements to lease roof-top space of the factory premises of Related Companies – E. B. Creasy & Co. PLC, Ceyflex Rubber Limited and Lanka Special Steel Limited and installed roof-top solar power plants at a cost of Rs. 146.54 Mn and a sum of Rs.123.15 Mn is included under Capital Work-in-Progress which represents the cost of the power plants not commissioned as at the reporting date. Laxapana recognises the cost of roof-top solar power plants in Property, Plant and Equipment under LKAS 16 and depreciates the same over 7 years from the date of commissioning.

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

12.5 Property, Plant and Equipment pledged as securities in obtaining loans have been disclosed in Note 24.3 to these Financial Statements.

12.6 The cost of fully depreciated Property, Plant and Equipment of the Group, which are still in use as at 31st March 2022 is Rs.1,003 Million (31st March 2021 – Rs.911 Million). The cost of fully depreciated assets of the Company amounts to Rs.711 Million (31st March 2021 – Rs.649 Million).

12.7 During the year under review, the Group has not capitalised any borrowing cost.

12.8 IMPAIRMENT

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

12.9 THE PORTFOLIO OF LANDS OWNED BY GROUP COMPANIES ARE AS FOLLOWS:

Company Name	Location	Extent Perches	Name of the Valuer	No. of Buildings	Effective Date of the Latest Revaluation	As at 31st March 2022			As at 31st March 2021		
						Carrying Amount of Land under cost revaluation model Rs.'000	Market Value of Land Rs.'000	Level of Fair Value Hierarchy	Carrying Amount of Land under cost revaluation model Rs.'000	Market Value of Land Rs.'000	Level of Fair Value Hierarchy
E. B. Creasy & Company PLC	No.98, Sri Sanagaraja Mawatha, Colombo 10	238	Mr. P. P.T. Mohideen - Independent Chartered Valuer	2	31.03.2022	100	3,217,500	Level 3	100	2,925,000	Level 3
E. B. Creasy & Company PLC	No.55, Maguruwila Road, Gonawala, Sapugaskanda.	868	Mr. P. P.T. Mohideen - Independent Chartered Valuer	3	31.03.2022	541,044	524,135	Level 3	-	-	-
Candy Delights Limited.	No.26, Agaradaguru Mawatha, Ekala, Ja-Ela	160	Mr. P. B. Kalugalagedara - Independent Chartered Valuer	-	31.03.2022	32,000	84,000	Level 3	32,000	68,000	Level 3
Laxapana Batteries PLC	No.398, Awissawella Road, Panagoda, Homagama	577	Mr. P. P.T. Mohideen - Independent Chartered Valuer	3	31.03.2022	103,256	508,167	Level 3	103,256	439,450	Level 3

12.10 SENSITIVITY ANALYSIS

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

Market price per perch (10% movement)	Impact on the carrying value of Land		
	Market Price Per Perch as at 31st March 2022 Rs.'000	Increase +10% of Market Price Per Perch Rs.'000	Decrease -10% of Market Price Per Perch Rs.'000
E. B. Creasy & Company PLC - Colombo 10	13,519	321,750	(321,750)
E. B. Creasy & Company PLC - Sapugaskanda	604	52,414	(52,414)
Candy Delights Limited	525	8,400	(8,400)
Laxapana Batteries PLC	925	50,817	(50,817)

NOTES TO THE FINANCIAL STATEMENTS

Market Comparable Method

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

	Group 31.03.2022 Rs. '000	Company 31.03.2022 Rs. '000
Land	4,333,802	3,741,635
Total	4,333,802	3,741,635

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

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

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

13. INVESTMENT PROPERTY

	GROUP	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Deemed Cost		
At the beginning of the year	2,800	2,800
At the end of the year	2,800	2,800
Accumulated Depreciation		
At the beginning of the year	-	-
At the end of the year	-	-
Carrying Amount	2,800	2,800

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

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

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

Measurement of Fair Values

(i) Fair value hierarchy

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

(ii) Valuation Technique and Significant Unobservable Inputs

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

Valuation technique	Date of Valuation	Significant Unobservable Inputs	Revalued Amount	Sensitivity to Unobservable Inputs
Market Comparable Method	31.03.2022	Rs. 525,000 Per Perch	Rs. 3,675,000	Positively Correlated

The fair value measurement for the land has been categorised as level 3 fair value, based on the inputs to the valuation technique used. The revaluation is based on market values and the valuation was carried out on 31st March 2022.

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

14. RIGHT OF USE ASSETS

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Cost				
At the beginning of the year	176,546	176,546	288,279	288,279
Modification to Right of Use assets	7,604	-	10,852	-
Additions during the year	25,008	-	-	-
At the end of the year	209,158	176,546	299,131	288,279
Amortisation				
At the beginning of the year	37,083	17,842	30,812	14,516
Amortisation during the year	23,585	19,241	17,071	16,296
At the end of the year	60,668	37,083	47,883	30,812
Carrying Amount	148,490	139,463	251,248	257,467

15. INTANGIBLE ASSETS

	Note	GROUP		COMPANY	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Goodwill	15.1	189,361	189,361	-	-
Trade Mark	15.2	15,612	41,560	11,578	34,924
Software	15.3	3,107	9,312	1,485	7,246
		208,080	240,233	13,063	42,170

NOTES TO THE FINANCIAL STATEMENTS

15.1 GOODWILL

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

Name of Subsidiary	GROUP	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Muller & Phipps (Ceylon) PLC	146,628	146,628
Laxapana Batteries PLC	6,605	6,605
Lanka Special Steels Limited	36,128	36,128
	189,361	189,361

15.1.1 Recoverable values measured with reference to the value in use

Methods used in estimating recoverable amounts are given below:

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

Investee	Significant unobservable inputs	Value of the input
Muller & Phipps (Ceylon) PLC	Average Growth Rate	15% for first 5 years and 3% terminal growth rate
	Margin	Current Margin
	Discount Rate	20%
	Term	5 years (terminal value thereafter)
Lanka Special Steels Limited	Average Growth Rate	12.5% for first 5 years and 3% terminal growth rate
	Margin	Current Margin
	Discount Rate	17.0%
	Term	5 years (terminal value thereafter)

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

15.2 TRADE MARK (NOTE 15.2.1)

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Cost				
At the beginning of the year	91,955	84,150	70,000	70,000
Additions during the year	-	7,805	-	-
At the end of the year	91,955	91,955	70,000	70,000
Amortisation				
At the beginning of the year	50,395	25,880	35,076	11,730
Amortisation for the period	25,948	24,515	23,346	23,346
At the end of the year	76,343	50,395	58,422	35,076
Carrying Amount	15,612	41,560	11,578	34,924

15.2.1 Trade Mark

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

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

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

15.3 SOFTWARE

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Cost				
At the beginning of the year	85,510	84,666	72,145	72,145
Additions during the year	1,879	844	1,460	-
At the end of the year	87,389	85,510	73,605	72,145
Amortisation				
At the beginning of the year	76,198	59,849	64,899	50,633
Amortisation during the year	8,084	16,349	7,221	14,266
At the end of the year	84,282	76,198	72,120	64,899
Carrying Amount	3,107	9,312	1,485	7,246

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS

16.1 INVESTMENTS IN SUBSIDIARIES

	Principal Place of Business	No. of Shares	COMPANY						
			31.03.2022			31.03.2021			
			Company/ Group Holding %	Cost as at 31.03.2022 Rs. '000	Market Value Rs. '000	Company/ Group Holding %	Cost as at 31.03.2021 Rs. '000	Market Value Rs. '000	
Quoted Investments									
Laxapana Batteries PLC	No 98, Sri Sangaraja Mawatha, Colombo 10	45,212,378	68.27	510,579	705,313	45,282,378	68.38	511,370	629,425
Muller & Phipps (Ceylon) PLC		145,061,773	51.26	189,385	145,062	145,061,773	51.26	189,385	159,568
				699,964	850,375			700,755	788,993
Unquoted Investments									
Darley Butler & Co. Limited		9,999,964	100	952,865	-	9,999,964	100	952,865	-
Candy Delights Limited		1,384,450	100	107,233	-	570,000	100	21,333	-
Filmpak Limited		150,000	100	1,500	-	150,000	100	1,500	-
Group Three Associates (Pvt) Limited		1,200	100	12	-	1,200	100	12	-
E. B. Creasy Ceylon (Pvt) Limited		143,582	100	24,988	-	120,000	100	4,967	-
Corporate Systems Limited		10,000	100	100	-	10,000	100	100	-
E. B. Creasy Logistics Limited		50,000	100	500	-	50,000	100	500	-
Lanka Special Steels Limited		1,823,074	100	164,847	-	1,823,074	100	164,847	-
Ceyflex Rubber Limited		7,993,183	100	120,000	-	7,100,000	100	71,000	-
				1,372,045				1,217,124	
Less: Provision for Fall-in Value of Investment (Note 16.1.2)				(1,612)				(1,612)	
				1,370,433				1,215,512	
				2,070,397				1,916,267	

16.1.1 Investments with Significant Non-Controlling Interests

	Laxapana Batteries PLC		Muller & Phipps (Ceylon) PLC	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Percentage holding of Non Controlling Interest (%)	31.73	31.62	48.74	48.74
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit/(Loss) attributable to Non Controlling Interest	31,709	40,513	(18,270)	32,500
Other Comprehensive Income/(Expense) attributable to Non-Controlling Interest	17,120	6,208	(4,306)	(2,893)
Proceeds from Non-Controlling Interest on issue of new shares	-	30,861	-	-
Adjustments due to change in holding	-	15,300	-	-
Dividend paid to Non-Controlling Interest	36,700	18,885	-	-
Summarised Financial Information				
Non Current Assets	690,566	568,448	102,143	89,171
Current Assets	647,883	776,190	697,030	428,047
Non Current Liabilities	89,664	95,208	8,192	11,595
Current Liabilities	304,864	357,414	752,474	419,302
Revenue	869,831	753,250	1,064,608	750,876
Profit/(Loss) for the year	100,120	84,777	(37,059)	68,433
Total Comprehensive Income/(Expense) for the year	154,175	84,072	(45,893)	62,994

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

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

16.1.2 Provision for fall in value in Investments

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

16.2 GROUP COMPANIES' INVESTMENT IN SUBSIDIARIES

Investor	Investee	% Holding		No. of Shares	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
Muller & Phipps (Ceylon) PLC	Pettah Pharmacy (Pvt) Limited	100	100	2,033,618	2,033,618

16.3 OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

16.3.1 Company

	COMPANY			
	31.03.2022		31.03.2021	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
DFCC Bank PLC	17,302	831	16,464	981
ACME Printing & Packaging PLC	8,220,000	90,420	10,000	65
Lankem Ceylon PLC	9,724,635	272,290	-	-
Unquoted Investments				
Imperial Hotels Ltd	19,825	397	19,825	397
Agarapathana Plantations Ltd	26,541,327	132,707	-	-
		496,645		1,443

NOTES TO THE FINANCIAL STATEMENTS

16.3.2 Group

	GROUP			
	31.03.2022		31.03.2021	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Quoted Investments				
York Arcade Holdings PLC	9,000	1,382	9,000	1288
CM Holdings PLC	95,640	7,536	95,640	7,938
Commercial Development Company PLC	600	61	600	64
DFCC Bank PLC	17,302	831	16,464	981
ACME Printing & Packaging PLC	8,220,000	90,420	10,000	65
Hemas Holdings PLC	161,053	7,441	161,053	13,432
Beruwala Resorts PLC	60,000	54	60,000	48
Marawila Resorts PLC	156,188	296	156,188	296
Lankem Ceylon PLC	10,285,122	287,983	-	-
Kotagala Plantations PLC	25,000,000	105,000	-	-
C. W. Mackie PLC	2,350	129	-	-
Sigiriya Village Hotels PLC	61,762	3,706	61,762	2,211
		504,839		26,323

	GROUP			
	31.03.2022		31.03.2021	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
Unquoted Investments				
Ceylon Biscuits Limited	5,041,680	329,423	5,041,680	329,423
International Manufacturers Limited	3,300	23	3,300	23
Agarapatana Plantations Limited	40,952,597	187,842	5,575,908	10,958
Imperial Hotels Ltd	19,825	397	19,825	397
Colombo Fort Hotels Limited	10,620,000	112,324	10,620,000	117,032
		630,009		457,833
Investment in Debentures				
Kotagala Plantations PLC (Note 16.3.2.1)	-	14,713	-	19,789
		14,713		19,789
Total		1,149,561		503,945

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

Category	No. of Debentures	Terms of Debentures	Coupon Rate p. a.	Maturity
Type C	125,000	06 Years	7.50%	31-Aug-26
Type D	125,000	07 Years	7.50%	31-Aug-26

No strategic investments were disposed of during the financial year and there were no transfers of any cumulative gain or loss within equity relating to these investments.

16.4 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

16.4.1 Investment in Debentures

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
9% Unsecured redeemable debentures of Rs. 100 each (16.4.1.1)	-	98,500	-	-
	-	98,500	-	-
Impairment (16.4.1.2)	-	(44,325)	-	-
	-	54,175	-	-

16.4.1.1 Investment in Debentures

Darley Butler & Co. Limited, a subsidiary of the Company, has purchased debentures amounting to Rs.270,000,000/- from Lankem Tea and Rubber Plantations (Pvt) Ltd. (LTR) during the year ended 31st March 2005. LTR has redeemed debentures amounting to Rs.30 Million in year 2007/2008, Rs.20 Million in year 2008/2009, Rs.9 Million in year 2009/2010 and Rs.112.5 Million in year 2010/2011. Subsequently there were no redemptions made by LTR.

From the financial year 2019/20 onwards, Darley Butler & Co.Ltd terminated recognition of debenture interest income in its profit or loss statement.

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

16.4.1.2 Impairment

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning of the year	44,325	22,163	-	-
Charge/(Reversals) during the year	(44,325)	22,162	-	-
Balance at the end of the year	-	44,325	-	-

16.4.2 Loans Due from Related Parties

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Term Loans (16.4.2.1)	285,000	196,900	195,000	136,900
Impairment (16.4.2.2)	(76,827)	(32,668)	(36,327)	(5,668)
	208,173	164,232	158,673	131,232

NOTES TO THE FINANCIAL STATEMENTS

16.4.2.1 Term Loans

	Note	GROUP		COMPANY	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Consolidated Tea Plantations Limited	a	135,000	105,000	45,000	45,000
Lankem Ceylon PLC	b	-	41,400	-	41,400
Agarapatana Plantations Limited	c	-	45,000	-	45,000
Kotagala Plantations PLC	d	-	5,500	-	5,500
ACME Printing & Packaging PLC	e	150,000	-	150,000	-
		285,000	196,900	195,000	136,900

a) Loan Granted to Consolidated Tea Plantations Limited

E. B. Creasy & Co. PLC and Darley Butler & Co. Limited granted collateral-free short term loans of Rs.45 Mn and Rs. 90 Mn respectively to Consolidated Tea Plantations Limited at an interest rate of AWPLR plus 2% per annum payable on demand. The Group made a provision during the year of Rs.31.38 Million. (Rs.13.5 Million - 2020/21). From the financial year 2020/21 onwards, the Group terminated recognition of interest income on said loans.

b) Loan granted to Lankem Ceylon PLC

The short term loan of Rs.41.4 Million granted to Lankem Ceylon PLC was settled during the year under review.

c) Loan granted to Agarapatana Plantations Limited

The short term loan balance of Rs.45 Million granted to Agarapatana Plantations Limited was settled during the year by way of allotment of shares of Agarapatana Plantations Limited to E. B. Creasy & Co. PLC.

d) Loan granted to Kotagala Plantations PLC

The short term loan due from Kotagala Plantations PLC was transferred to Agarapatana Plantations Limited during the year.

e) Loan granted to ACME Printing & Packaging PLC

During the year, E B Creasy & Company PLC granted a collateral-free short-term loan of Rs 150 Million to ACME Printing & Packaging PLC at an interest rate of AWPLR plus 2%. This was fully settled subsequent to the reporting date.

16.4.2.2 Impairment

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning of the year	32,668	16,091	5,668	2,591
Charge during the year	44,159	16,577	30,659	3,077
Balance at the end of the year	76,827	32,668	36,327	5,668

17. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

17.1 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE - COST

Investment in Associates

Name of the Investee	Principal Business Activity	Principal Place of Business	As at 31st March 2022				As at 31st March 2021			
			Number of Shares Held	Ownership interest %	Cost Rs.'000	Market Value Rs.'00	Number of Shares Held	Ownership interest %	Cost Rs.'000	Market Value Rs.'000
Lankem Ceylon PLC	Manufacturing of Chemicals, Paints and Consumer Products	No.98, Sri Sangaraja Mawatha, Colombo 10	-	-	-	-	10,974,635	32.42	261,321	297,413
Total			-	-	-	-	10,974,635	32.42	261,321	297,413

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

17.2 INVESTMENT IN EQUITY ACCOUNTED INVESTEE – EQUITY METHOD

Summarised Financial Information of Equity Accounted investee

	2022		2021	
	Lankem Ceylon PLC Rs.'000	Total Rs.'000	Lankem Ceylon PLC Rs.'000	Total Rs.'000
Summary of the Statement of Financial Position	As at 30.06.2021		As at 31.03.2021	
Non-Current Assets	9,489,311	9,489,311	10,308,546	10,308,546
Current Assets	9,615,031	9,615,031	9,007,059	9,007,059
Total Assets	19,104,342	19,104,342	19,315,605	19,315,605
Non-Current Liabilities	4,716,315	4,716,315	(4,875,943)	(4,875,943)
Current Liabilities	11,124,690	11,124,690	(11,243,832)	(11,243,832)
Total Liabilities	15,841,005	15,841,005	(16,119,775)	(16,119,775)
Net Assets	3,263,337	3,263,337	3,195,830	3,195,830
Non-Controlling Interest	(2,852,675)	(2,852,675)	(2,644,228)	(2,644,228)
	410,662	410,662	551,602	551,602
Group Ownership Interest %	34.01%	34.01%	34.01%	34.01%
Investee Share of Net Assets	139,666	139,666	187,573	187,573
Goodwill	10,760	10,760	10,760	10,760
Transferred to Other Financial Assets measured at Fair Value through OCI	(150,426)	(150,426)	-	-
Carrying Amount of Interest	-	-	198,333	198,333

NOTES TO THE FINANCIAL STATEMENTS

	2022		2021	
	Lankem Ceylon PLC Rs.'000	Total Rs.'000	Lankem Ceylon PLC Rs.'000	Total Rs.'000
Summary of the Statement of Total Comprehensive Income/ (Expense)	For 3 months ended 30.06.2021		For 12 months ended 31.03.2021	
Revenue	4,442,543	4,442,543	17,468,490	17,468,490
Depreciation and Amortisation	(107,329)	(107,329)	(473,580)	(473,580)
Interest Expenses	(211,166)	(211,166)	(1,017,610)	(1,017,610)
Expenses	(4,195,860)	(4,195,860)	(16,942,586)	(16,942,586)
Other Comprehensive Income/(Expense)	1,986	1,986	161,804	161,804
Elimination of Loss/(Profit) attributable to Non-Controlling Interest	16,479	16,479	139,688	139,688
Investees share of Loss and Other Comprehensive Expense	(18,143)	(18,143)	(237,597)	(237,597)
Dilution Impact of Investee share in Statement of Profit or Loss	57,432	57,432	-	-
Total	39,289	39,289	(237,597)	(237,597)
Share of Profit/(Loss), Net of Tax	38,614	38,614	(280,746)	(280,746)
Share of Other Comprehensive Income	675	675	43,149	43,149
Total	39,289	39,289	(237,597)	(237,597)
Summary of the Statement of Cash Flows				
Cash Flows from/(used in) Operating Activities	(128,270)	(128,270)	60,685	60,685
Cash Flows used in Investing Activities	(37,641)	(37,641)	(26,816)	(26,816)
Cash Flows from Financing Activities	480,788	480,788	229,141	229,141
Net Decrease in Cash and Cash Equivalents	314,877	314,877	263,010	263,010

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

18. INVENTORIES

	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Raw Materials	1,214,033	1,154,050	965,095	610,873
Work-in-Progress	61,364	47,505	16,118	16,527
Finished Goods	1,725,307	1,309,555	297,555	190,597
General and Others	14,988	2,928	-	-
Consumable Stocks	65,604	49,031	62,843	46,404
Goods-in-Transit	352,209	225,855	65,806	98,151
Right to Recover Returned Goods	125,639	143,410	6,217	24,360
	3,559,144	2,932,334	1,413,634	986,912
Impairment of Inventories (Note 18.1)	(142,434)	(112,958)	(28,098)	(20,093)
	3,416,710	2,819,376	1,385,536	966,819

18.1 IMPAIRMENT OF INVENTORIES

Balance at the beginning of the year	112,958	66,820	20,093	15,383
Charge during the year	29,476	46,138	8,005	4,710
Balance at the end of the year	142,434	112,958	28,098	20,093

Inventories pledged as securities in obtaining loans are disclosed in Note 24.3

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

19. AMOUNTS DUE FROM RELATED COMPANIES

19.1 AMOUNTS DUE FROM RELATED COMPANIES - TRADE

	Relationship	GROUP		COMPANY	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Darley Butler & Company Limited	Subsidiary	-	-	1,642,125	967,059
Laxapana Batteries PLC	Subsidiary	-	-	15,833	46,547
Lankem Ceylon PLC	Affiliate	1,527	-	-	-
Impairment of amounts due from related companies (Note 19.1.1)		(39)	-	(5,836)	(3,563)
		1,488	-	1,652,122	1,010,043

19.1.1 Impairment of amounts due from related companies - Trade

Balance at the beginning of the year	-	-	3,563	5,138
Charge/(Reversals) during the year	39	-	2,273	(1,575)
Balance at the end of the year	39	-	5,836	3,563

NOTES TO THE FINANCIAL STATEMENTS

19.2 AMOUNTS DUE FROM RELATED COMPANIES - NON-TRADE

	Relationship	GROUP		COMPANY	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Lankem Developments PLC	Affiliate	-	1,517	-	1,517
E.B.C. Milk Foods Limited	Subsidiary	-	-	-	1,163
American Lloyd Travels Limited	Affiliate	450	600	450	600
Kotagala Plantations PLC	Affiliate	703	1,276	-	402
The Colombo Fort Land & Buildings PLC	Parent	-	6,000	-	6,000
Consolidated Tea Plantations Limited	Affiliate	74,616	92,521	5,646	1,503
Lankem Tea & Rubber Plantations (Pvt) Limited	Affiliate	31,039	87,742	-	-
Agarapathana Plantations Limited	Affiliate	2,709	56,205	1,699	14,391
Oral Care (Pvt) Limited	Affiliate	-	3	-	-
Filmpak Limited	Subsidiary	-	-	-	4,753
Corporate Systems Limited	Subsidiary	-	-	95	1,389
E. B. Creasy Logistics Limited	Subsidiary	-	-	51,515	50,062
Pettah Pharmacy (Pvt) Limited	Subsidiary	-	-	13,707	1,671
Lanka Special Steels Limited	Subsidiary	-	-	-	12,517
Laxapana Batteries PLC	Subsidiary	-	-	-	33,605
E. B. Creasy Ceylon (Pvt) Limited	Subsidiary	-	-	-	153
Candy Delights Limited	Subsidiary	-	-	88,205	408,573
Lankem Ceylon PLC	Affiliate	-	97,588	-	97,588
Marawila Resorts PLC	Affiliate	98	391	98	-
Beruwala Resorts PLC	Affiliate	830	757	830	757
Colombo Fort Group Services (Private) Limited	Affiliate	2,169	-	2,169	-
Sigiriya Village Hotels PLC	Affiliate	812	972	205	162
York Hotel Management Services Limited	Affiliate	24	28	24	28
ACME Printing & Packaging PLC	Affiliate	2,094	-	2,094	-
Ceyflex Rubber Limited	Subsidiary	-	-	184,131	140,267
		115,544	345,600	350,868	777,101
Less: Impairment of Amounts due from Related Companies (Note 19.2.1)		(48,756)	(65,875)	(14,231)	(35,465)
		66,788	279,725	336,637	741,636

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

19.2.1 Impairment of Amounts due from Related Companies

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning of the year	65,875	30,541	35,465	43,847
Charge/(Reversals) during the year	(17,119)	35,334	(21,234)	(8,382)
Balance at the end of the year	48,756	65,875	14,231	35,465

20. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Trade Receivables - Others	2,882,270	2,431,939	91,820	47,835
Impairment of Trade Receivable (Note 20.1)	(166,783)	(142,795)	(8,892)	(9,020)
	2,715,487	2,289,144	82,928	38,815
Deposits and Prepayments	90,839	30,907	60	-
Employee Advances	10,515	7,765	-	-
Other Tax Recoverables	13,601	53,680	423	338
Other Receivables	311,030	179,358	22,231	18,051
	3,141,472	2,560,854	105,642	57,204

20.1 IMPAIRMENT OF TRADE RECEIVABLES

Balance at the beginning of the year	142,795	114,875	9,020	11,578
Charge/(Reversals) during the year	23,988	27,920	(128)	(2,558)
Balance at the end of the year	166,783	142,795	8,892	9,020

21. CASH AND CASH EQUIVALENTS

21.1 FAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Cash in Hand	3,123	1,722	1,222	712
Cash at Bank	1,231,925	490,553	172,783	7,629
Investment in Repurchase Agreements	-	200,000	-	-
Fixed Deposit	439,203	19,125	410,120	-
Cash and Cash Equivalents in the Statement of Financial Position	1,674,251	711,400	584,125	8,341

21.2 UNFAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Bank Overdrafts used for Cash Management Purpose (Note 21.2.1)	(640,856)	(1,100,443)	(362,591)	(680,012)
Cash and Cash Equivalents in the Statement of Cash Flows	1,033,395	(389,043)	221,534	(671,671)

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

NOTES TO THE FINANCIAL STATEMENTS

22. STATED CAPITAL

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000

Issued and Fully Paid

253,545,800 Ordinary Shares	25,731	25,731	25,731	25,731
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At an Extraordinary General Meeting held on 2nd February 2021, the shareholders of the Company approved the subdivision of issued ordinary shares on the basis of subdividing every One (01) existing issued ordinary share into One Hundred (100) issued ordinary shares, thereby increasing the number of shares of the Company from 2,535,458 to 253,545,800 shares without actuating any increase to the Stated Capital of the Company. The said subdivision was effective from 2nd February 2021.

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

23. CAPITAL RESERVES AND GENERAL RESERVES

23.1 GENERAL RESERVE

General reserve is the reserve set aside for general purposes.

23.2 REVALUATION RESERVE

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
At the beginning of the year	2,965,733	2,630,038	2,057,599	1,779,840
Recognised in other comprehensive income	291,330	335,695	225,985	277,759
Effect of Acquisition, Disposals and Changes in Percentage in Subsidiaries of Equity Accounted Investees	(629,829)	-	-	-
Balance at the end of the year	2,627,234	2,965,733	2,283,584	2,057,599

24. INTEREST-BEARING LOANS AND BORROWINGS

24.1 LOANS AND BORROWINGS

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
At the beginning of the year	361,153	595,166	146,927	273,982
Obtained during the year	1,677,662	-	1,537,204	-
Repayment during the year	(340,762)	(234,013)	(196,961)	(127,055)
Balance at the end of the year	1,698,053	361,153	1,487,170	146,927
Repayable within one year	(323,577)	(217,560)	(255,074)	(102,793)
Repayable after one year	1,374,476	143,593	1,232,096	44,134

24.2 AMOUNTS PAYABLE WITHIN ONE YEAR

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Short-Term Loans	2,190,758	930,245	1,933,556	930,245
Current portion of Long Term Loans (Note 24.1)	323,577	217,560	255,074	102,793
Trust Receipt Loans (Note 24.2.1)	1,332,553	1,028,927	659,559	537,707
	3,846,888	2,176,732	2,848,189	1,570,745

24.2.1 Trust Receipt Loans

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

	GROUP	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000
E. B. Creasy & Company PLC	659,559	537,707
Darley Butler & Company Limited	537,778	388,575
Laxapana Batteries PLC	-	42,205
Candy Delights Limited	-	8,024
Pettah Pharmacy (Pvt) Limited	135,216	52,416
	1,332,553	1,028,927

Company

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

Group

Darley Butler & Company Limited

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

Laxapana Batteries PLC

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

Candy Delights Limited

Trust receipt loans are secured by floating charge on inventories at Unit Three, Industrial Estate, Ekala, Ja-Ela. and book debts.

Pettah Pharmacy (Pvt) Limited

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

NOTES TO THE FINANCIAL STATEMENTS

24.3 TERM LOANS

E. B. Creasy & Company PLC and its Subsidiaries have obtained following Long Term Loans:

Company	Lender	31.03.2022 Rs. million	31.03.2021 Rs. million	Interest Rate	Repayment	Security
E. B. Creasy & Company PLC	Sampath Bank PLC					
	Loan 1	53.85	51.54	AWPLR + 3%	Each sub loan to be repaid in 60 monthly installments	Loan agreement for respective sub loan amounts and mortgage over respective machinery imported and installed at the factory premises at Millewa estate Millewa.
	Loan 2	2.75	4.05	6.0% p.a	71 equal monthly installments of Rs.117,000/- and a final installment of Rs.186,000/-	Term loan Agreement for Rs.8,493,000/- and a promissory Note for Rs.8,493,000/-.
	Commercial Bank of Ceylon PLC					
	Loan 1	6.05	36.60	AWPLR + 3%	44 equal monthly installments of Rs.2,350,000/- each and a final installment Rs.1,350,000/-	Primary Mortgage Bond for Rs.140 Million over machinery.
	Loan 2	371.41	-	AWPLR + 2.5%	83 equal monthly installments of Rs.4,765,000/- each and a final installment Rs.4,505,000/-	Primary Mortgage Bond executed for Rs. 400 Million over land called 'Alubogahawatta' and 'Batadombagahawatta', Gonawala.
	Nations Trust Bank PLC					
	Loan 1	1.23	6.65	AWPLR+3.0%	46 equal monthly installments of Rs.702,000/- and a final installment of Rs.708,000/-	Loan agreement for Rs.33 Million.
	DFCC BANK PLC					
	Loan 1	-	48.09	AWPLR+2.5%	36 equal monthly installments after a grace period of 01 month from the date of first disbursement.	A promissory note for Rs.200 Million.
	Bank of Ceylon					
	Loan 1	955.21	-	AWPLR+2%	Monthly Installment - - 1st to 36th month - Rs. 10,000,000/- + Interest - 36th to 72nd month - Rs. 15,000,000/- + Interest - 72nd to 84th month - Rs. 20,800,000/- + Interest	Primary Mortgage over property located at No.98, Sri Sanagaraja Mawatha, Colombo 10 owned by E. B. Creasy & Co.PLC.

Company	Lender	31.03.2022 Rs. million	31.03.2021 Rs. million	Interest Rate	Repayment	Security
	Cargills Bank Limited					
	Loan 1	96.67		- AWPLR+2.75%	59 equal monthly installments of Rs.1,666,667/- and a final installment of Rs.1,666,647/-	Primary Mortgage executed over machineries at "Ninja" mosquito coil production facility at Gonawala for Rs.100 Million.
		1,487.17	146.93			
Candy Delights Limited	Hatton National Bank PLC					
	Loan 1	22.93	37.61	AWPLR+2.0%	48 equal monthly installments of Rs.1.25 Million each	Primary Floating Mortgage Bond for Rs.60 Million over movable machinery and equipment imported at a cost of Rs.82 Million and installed at Candy Delights Ltd., Unit 3, Industrial Estate, Ekala.
	Loan 2	33.81	53.79	AWPLR+2.0%	48 equal monthly installments of Rs.1.875 Million each	Registered Primary Floating Mortgage Bond for Rs.120 Million over land, immovable machinery situated at No. 26, Agaradaguru Mawatha, Ekala and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications thereto) with all fixtures, fittings, services and such other rights attached.
		56.74	91.40			
Lanka Special Steels Limited	Commercial Bank of Ceylon PLC					
	Loan 1	39.77	58.13	AWPLR+1.5%	59 equal monthly installments of Rs.1,530,000/- and a final installment of Rs.1,519,145/-	Primary mortgage bond for Rs.91.8 Million over wire drawing plant with accessories.
	Loan 2	55.06		- 9.5% p.a	60 equal monthly installments of Rs.7,250,000/- each.	Floating primary mortgage bond for Rs. 27mn over leasehold rights of the LINDEL.
	DFCC BANK PLC	-	7.29	AWPLR+1.5%	24 equal monthly installments of Rs.1,041,667/- each	Primary mortgage bond for Rs.25 Million over movable machinery in the plant & a mortgage for Rs.300 Million over stocks in the plant.
		94.83	65.42			

NOTES TO THE FINANCIAL STATEMENTS

Company	Lender	31.03.2022 Rs. million	31.03.2021 Rs. million	Interest Rate	Repayment	Security
Laxapana Batteries PLC	Commercial Bank of Ceylon PLC	56.40	-	9.0% p.a	59 equal monthly installment of Rs.3,330,000/- and a final installment of Rs.3,530,000/- (6 years including 1 year of grace)	Primary mortgage bond totaling for Rs.56.4 million over the solar panels and related machinery and equipment installed in the rooftop solar systems.
		56.40	-			
Ceyflex Rubber Limited	Nations Trust Bank PLC	2.91	15.83	AWPLR+3.0%	47 equal monthly installments of Rs.2,700,000/- each and a final installment of Rs.3,100,000/- after a grace period of 6 months	Primary mortgage bond for Rs.150 Million over Rights under the Board of Investments Agreement No.28 dated 12/05/2016, Buildings and Machinery on the project property at Horana Export Processing Zone. Lodgment of 100,000 Nos (unquoted) shares of Ceyflex Rubber Limited owned by E. B. Creasy & Company PLC
		2.91	15.83			
E. B. Creasy Logistics Limited	Sampath Bank PLC					
	Loan 1	-	2.50	16.5% p.a	48 equal monthly installments of Rs.307,604/- each	Mortgage over movable machinery and racking equipment imported under the facility
	Loan 2	-	0.97	16.5% p.a	48 equal monthly installments of Rs.88,510/- each	
	Loan 3	-	0.60	16.5% p.a	48 equal monthly installments of Rs.65,201/- each	
		-	4.07			
Muller & Phipps (Ceylon) PLC	Hatton National Bank PLC					
	Loan 1	-	37.50	AWPLR+1.5%	24 equal monthly installments of Rs.3.75 Million each.	Letter of awareness from Muller & Phipps (Ceylon) PLC
		-	37.50			
		1,698.05	361.15			

24.4 LEASE LIABILITIES

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
At the beginning of the year	219,340	234,249	287,381	293,367
Modification to Lease Liabilities	7,604	-	10,852	-
Additions during the year	25,008	-	-	-
Interest Expense (Note 8.2)	27,621	26,610	34,732	33,979
Payments	(48,802)	(42,306)	(41,438)	(39,965)
Exchange Fluctuation	8,230	787	-	-
Balance at the end of the year	239,001	219,340	291,527	287,381
Repayable within one year	30,965	30,164	22,276	25,053
Repayable after one year	208,036	189,176	269,251	262,328
24.4.1 Amounts recognised in profit or loss				
Interest on lease liabilities (Note 8.2)	27,621	26,610	34,732	33,979
Exchange Fluctuation	8,230	787	-	-
24.4.2 Amounts recognised in statement of cash flows				
Repayments of lease liabilities	(48,802)	(42,306)	(41,438)	(39,965)

25. DEFERRED INCOME AND CAPITAL GRANTS

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
At the beginning of the year	4,268	4,528	4,268	4,528
Amortised during the year	(260)	(260)	(260)	(260)
At the end of the year	4,008	4,268	4,008	4,268
Non-Current	4,008	4,268	4,008	4,268

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

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED TAX ASSETS/(LIABILITIES)

26.1 DEFERRED TAX ASSETS

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
At the beginning of the year	357,796	392,760	-	-
Adjustment in respect of previous year	7,446	-	-	-
Transferred to Deferred Tax Liabilities	-	(726)	-	-
Charged in the profit or loss	(126,810)	(20,125)	-	-
Amount recognised due to reduction in tax rate	-	(56,033)	-	-
Recognition of previously unrecognised tax losses	-	27,851	-	-
Reversed/(Charged) in other comprehensive income	(28,251)	14,069	-	-
At the end of the year	210,181	357,796	-	-

26.2 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
At the beginning of the year	572,090	938,531	442,769	744,969
Transferred from Deferred Tax Assets	-	(726)	-	-
(Reversed)/Charged in the Profit or Loss	(69)	(61,422)	3,832	(27,682)
Amount recognised due to reduction in tax rate - Profit or loss	-	(3,090)	-	11,698
Amount recognised due to reduction in tax rate - OCI	-	(291,445)	-	(277,759)
(Reversed)/Charged in the other comprehensive income	94,749	(9,758)	72,872	(8,457)
At the end of the year	666,770	572,090	519,473	442,769

26.3 DEFERRED TAX ASSETS/(LIABILITIES)

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

Group

	31.03.2022		31.03.2021	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Deferred Tax Liability				
Property, Plant and Equipment	1,151,944	207,076	812,814	146,786
Retirement Benefit Obligations	(630,950)	(113,961)	(682,101)	(123,342)
Tax Loss Carried Forward	(187,704)	(33,787)	(5,315)	(1,276)
Revaluation surplus of land	3,514,471	657,162	3,118,163	581,704
Impairment of debtors and amount due from related companies	(91,128)	(16,851)	(47,791)	(9,037)
Provision for warranty	(26,011)	(6,160)	(18,798)	(4,436)
Inventories	(64,442)	(13,500)	(35,510)	(7,178)
Lease Liabilities	(148,479)	(23,367)	(132,005)	(20,723)
Right of Use Assets	72,734	12,471	67,780	11,579
Right to recover returned goods	13,607	3,209	10,104	2,312
Refund liability	(23,480)	(5,522)	(18,603)	(4,299)
	3,580,562	666,770	3,068,738	572,090
Deferred Tax Asset				
Property, Plant and Equipment	(12,217)	(2,932)	(5,732)	(1,376)
Retirement Benefit Obligations	187,002	44,880	271,375	65,130
Impairment of debtors and amount due from related companies	156,574	37,630	164,225	39,120
Tax Loss Carried Forward	169,680	40,723	760,932	182,625
Finance Cost Carried Forward	223,456	53,629	109,873	26,369
Inventories	68,317	16,396	74,690	17,926
Impairment of Financial Assets	40,500	9,720	71,325	17,118
Right of Use Assets	(55,968)	(13,432)	(69,297)	(16,632)
Lease Liabilities	70,175	16,842	81,927	19,663
Right to recover returned goods	(123,957)	(29,750)	(133,306)	(31,993)
Refund liability	151,979	36,475	166,024	39,846
	875,541	210,181	1,492,036	357,796

NOTES TO THE FINANCIAL STATEMENTS

Company

	31.03.2022		31.03.2021	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Deferred Tax Liability				
Property, Plant and Equipment	568,179	102,272	444,866	80,075
Retirement Benefit Obligations	(594,092)	(106,937)	(645,971)	(116,275)
Revaluation surplus of freehold land	3,053,179	549,572	2,777,588	499,966
Inventories	(28,098)	(5,058)	(20,093)	(3,617)
Provision for warranty	(1,382)	(249)	(1,275)	(230)
Impairment of financial assets	(65,285)	(11,751)	(53,715)	(9,668)
Lease liabilities	(291,527)	(52,475)	(287,381)	(51,728)
Right of Use Assets	251,420	45,256	257,467	46,344
Right to recover returned goods	18,142	3,266	24,360	4,385
Refund liability	(24,571)	(4,423)	(36,014)	(6,483)
	2,885,965	519,473	2,459,832	442,769

26.4 UNRECOGNISED DEFERRED TAX ASSETS

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

	GROUP			
	31.03.2022		31.03.2021	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Tax Losses	117,737	22,871	126,922	25,075

27. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Present value of Defined Benefit Obligation (Note 27.1)	817,952	968,081	594,093	645,971
	817,952	968,081	594,093	645,971

NOTES TO THE FINANCIAL STATEMENTS

(b) Group

Retirement Benefit Obligations

LKAS 19 - 'Employee Benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the obligation in order to determine the present value of the retirement benefit obligation. The key assumptions made in arriving at the retirement benefit obligation as at 31st March 2022 in respect of following companies are stated below:

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31.03.2022 Rs.'000
E. B. Creasy & Co. PLC	10.0%	13.0%	60	594,093
Darley Butler & Company Limited	10.0%	13.0%	60	178,810
Candy Delights Limited	10.0%	13.0%	60	10,402
E. B. Creasy Logistics Limited	10.0%	13.0%	60	1,866
Laxapana Batteries PLC	10.0%	13.0%	60	4,777
Pettah Pharmacy (Pvt) Limited	10.0%	13.0%	60	8,192
Lanka Special Steels Limited	10.0%	13.0%	60	19,604
Ceyflex Rubber Limited	10.0%	13.0%	60	208

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31.03.2021 Rs.'000
E. B. Creasy & Co. PLC	10%	7.5%	55	645,971
Darley Butler & Company Limited	10%	7.5%	55	260,749
Candy Delights Limited	10%	7.5%	55	14,605
E. B. Creasy Logistics Limited	10%	7.5%	55	3,420
Laxapana Batteries PLC	10%	7.5%	55	6,148
Pettah Pharmacy (Pvt) Limited	10%	7.5%	55	10,625
Lanka Special Steels Limited	10%	7.5%	55	26,291
Ceyflex Rubber Limited	10%	7.5%	55	272

Discount rate change

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

27.3 SENSITIVITY ANALYSIS

Sensitivity of assumptions used

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

	GROUP		COMPANY	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Effect on the defined benefit obligation:				
Increase by one percentage point in discount rate	(33,302)	(53,827)	(15,590)	(29,273)
Decrease by one percentage point in discount rate	33,549	60,036	17,846	34,658
Increase by one percentage point in salary increment rate	35,518	59,907	17,597	32,382
Decrease by one percentage point in salary increment rate	(31,669)	(54,489)	(15,654)	(29,491)

28. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Trade Payables	826,927	1,496,778	396,541	500,715
Unclaimed Dividend	5,142	4,454	1,858	1,680
Bills Payable	1,565,596	887,908	53,881	98,152
Refund Liability	175,458	184,627	24,570	36,014
Other Taxes Payable	28,777	1,433	-	-
Deposits from Dealers	127,883	91,399	-	-
Warranty Provision	26,011	18,798	1,382	1,275
Accrued Expenses and Other Payables	550,729	312,600	79,765	68,612
Provision for advertising expenses	76,263	215,844	76,263	215,844
Interest expense payable	58,416	24,377	58,416	21,477
	3,441,202	3,238,218	692,676	943,769

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

29. AMOUNTS DUE TO RELATED COMPANIES

	Relationship	GROUP		COMPANY	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	42,186	41,330
The Colombo Fort Land & Building PLC	Parent	38,159	-	38,159	-
Group Three Associates (Pvt) Limited	Subsidiary	-	-	-	778
Colombo Fort Group Services (Private) Limited	Affiliate	-	208	-	194
Lanka Special Steels Limited	Subsidiary	-	-	5,251	-
Laxapana Batteries PLC	Subsidiary	-	-	293,348	15,737
Lankem Ceylon PLC	Affiliate	48,690	13,511	48,539	-
Marawila Resorts PLC	Affiliate	1,280	-	-	-
Ceytra Limited	Affiliate	2	-	-	-
		88,131	13,719	427,483	58,039

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

30. FINANCIAL INSTRUMENTS

30.1 FINANCIAL INSTRUMENTS - STATEMENT OF FINANCIAL POSITION

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

Note	GROUP		COMPANY		
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000	
Financial Assets					
Investments Classified as Fair Value through OCI					
Quoted Investments	16.3	504,839	26,323	363,541	1,046
Unquoted Investments	16.3	644,722	477,622	133,104	397
Total		1,149,561	503,945	496,645	1,443
Debt Securities measured at Amortised Cost					
Unquoted Debentures	16.4.1	-	54,175	-	-
Total		-	54,175	-	-
Current Assets					
Trade & Other Receivables	20	3,037,032	2,476,267	105,159	56,866
Loans Due from Related Parties	16.4.2	208,173	164,232	158,673	131,232
Amounts due from Related Companies	19	68,276	279,725	1,988,759	1,751,679
Total		3,313,481	2,920,224	2,252,591	1,939,777
Cash and Cash Equivalents	21.1	1,674,251	711,400	584,125	8,341
Total Financial Assets		6,137,293	4,189,744	3,333,361	1,949,561

	Note	GROUP		COMPANY	
		31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Financial Liabilities					
Non-Current Liabilities					
Interest-Bearing Borrowings and Lease Liabilities	24.1/24.4	1,582,512	332,769	1,501,347	306,462
Current Liabilities					
Interest-Bearing Borrowings and Lease Liabilities	24.2/24.4	3,877,853	2,206,896	2,870,465	1,595,798
Trade & Other Payables	28	2,660,227	2,720,760	586,959	837,868
Amounts due to Related Companies	29	88,131	13,719	427,483	58,039
Bank Overdrafts	21.2	640,856	1,100,443	362,591	680,012
Total Financial Liabilities		8,849,579	6,374,587	5,748,845	3,478,179

30.2 FINANCIAL RISK MANAGEMENT

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

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

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

Risk Management Framework

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

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

NOTES TO THE FINANCIAL STATEMENTS

30.2.1 Credit Risk

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

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

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Impairment loss on trade receivables and related party receivables	6,908	63,254	(19,089)	(12,515)
Impairment loss on debt securities at amortised cost	(166)	38,739	30,659	3,077
Impairment loss/(reversal) on debt securities at FVOCI	-	(1,330)	-	-
	6,742	100,663	11,570	(9,438)

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning	142,795	114,875	12,583	16,716
Net remeasurement of loss allowance	24,027	27,920	2,145	(4,133)
Balance at the end	166,822	142,795	14,728	12,583

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning	65,875	30,541	35,465	43,847
Net remeasurement of loss allowance	(17,119)	35,334	(21,234)	(8,382)
Balance at the end	48,756	65,875	14,231	35,465

Financial Assets

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Financial assets at Fair value through Other Comprehensive Income	1,149,561	503,945	496,645	1,443
Investment in Debentures	-	54,175	-	-
Loans Due from Related Parties	208,173	164,232	158,673	131,232
Total	1,357,734	722,352	655,318	132,675

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning	76,993	38,254	5,668	2,591
Net remeasurement of loss allowance	(166)	38,739	30,659	3,077
Balance at the end	76,827	76,993	36,327	5,668

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

	GROUP		COMPANY	
	31.03.2022 Rs. '000	31.03.2021 Rs. '000	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Balance at the beginning	10,641	11,971	-	-
Net remeasurement of loss allowance	-	(1,330)	-	-
Balance at the end	10,641	10,641	-	-

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

	GROUP			
	31.03.2022		31.03.2021	
	Trade Receivable Rs. '000	Provision for Impairment Rs. '000	Trade Receivable Rs. '000	Provision for Impairment Rs. '000
1-90 days past due	2,304,280	17,415	1,896,452	18,563
91-180 days past due	287,901	8,580	213,382	18,769
181-365 days past due	143,007	57,858	193,613	46,483
More than 365 days past due	147,082	82,930	128,492	58,981
Total	2,882,270	166,783	2,431,939	142,795

	Company			
	31.03.2022		31.03.2021	
	Trade Receivable Rs. '000	Provision for Impairment Rs. '000	Trade Receivable Rs. '000	Provision for Impairment Rs. '000
1-90 days past due	65,622	1,039	24,706	854
91-180 days past due	494	40	329	15
181-365 days past due	23,007	5,116	1,665	369
More than 365 days past due	2,697	2,697	21,135	7,782
Total	91,820	8,892	47,835	9,020

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 1,674.25 Million as at 31 March 2022 (2021 - Rs.711.4 Million) which represents its maximum credit exposure on these assets.

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

Hatton National Bank PLC – AA-(Ika)
 Standard Chartered Bank – AAA(Ika)
 Commercial Bank of Ceylon PLC – AA-(Ika)
 Bank of Ceylon – CCC(Ika)
 National Development Bank PLC – A(Ika)
 Pan Asia Banking Corporation PLC – BBB-(Ika)
 Union Bank of Colombo PLC – BBB-(Ika)
 People's Bank – AA-(Ika)
 Seylan Bank PLC – A(Ika)
 Sampath Bank PLC – AA-(Ika)
 Nations Trust Bank PLC – A(Ika)
 DFCC Bank PLC – A+(Ika)
 Amana Bank PLC – BB+(Ika)
 Cargills Bank Limited – A+(Ika)

30.2.2 Liquidity Risk

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

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

	GROUP							
	31.03.2022				31.03.2021			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Interest-Bearing Loans and Borrowings and Lease Liabilities	5,460,365	5,460,365	3,877,853	1,582,512	2,539,665	2,539,665	2,206,896	332,769
Amounts Due to Related Companies	88,131	88,131	88,131	-	13,719	13,719	13,719	-
Other Financial Liabilities / Trade & Other Payables	2,660,227	2,660,227	2,660,227	-	2,720,760	2,720,760	2,720,760	-
Bank Overdrafts	640,856	640,856	640,856	-	1,100,443	1,100,443	1,100,443	-
Total	8,849,579	8,849,579	7,267,067	1,582,512	6,374,587	6,374,587	6,041,818	332,769

	COMPANY							
	31.03.2022				31.03.2021			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Interest-Bearing Loans and Borrowings and Lease Liabilities	4,371,812	4,371,812	2,870,465	1,501,347	1,902,260	1,902,260	1,595,798	306,462
Amounts Due to Related Companies	427,483	427,483	427,483	-	58,039	58,039	58,039	-
Other Financial Liabilities / Trade & Other Payables	586,959	586,959	586,959	-	837,868	837,868	837,868	-
Bank Overdrafts	362,591	362,591	362,591	-	680,012	680,012	680,012	-
Total	5,748,845	5,748,845	4,247,498	1,501,347	3,478,179	3,478,179	3,171,717	306,462

30.2.3 Market Risk

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

30.2.3.1 Currency Risk

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

Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the USD would have increased/(decreased) profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The Sri Lankan Rupee was depreciated approximately by 48% during the financial year and it was further depreciated by another 22% after the reporting date against the United States Dollar. The analysis assumes that all other variables, in particular interest rates, remain constant. However the Group minimises its impact on profit before tax due to adverse changes in exchange rate by appropriate price adjustments of its goods and services.

	GROUP	
	Effect on Profit Before Tax	
	2022 Rs.'000	2021 Rs.'000
+25%	(572,811)	(460,522)
-25%	572,811	460,522

NOTES TO THE FINANCIAL STATEMENTS

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

	GROUP	
	31.03.2022 USD	31.03.2021 USD
Foreign Debtors	695,660	1,298,887
Foreign Creditors	(7,663,024)	(9,119,245)
Net Statement of Financial Position Exposure	(6,967,364)	(7,820,358)

	COMPANY	
	31.03.2022 USD	31.03.2021 USD
Foreign Debtors	18,597	266,977
Foreign Creditors	(3,747,589)	(827,087)
Net Statement of Financial Position Exposure	(3,728,992)	(560,110)

30.2.3.2 Interest Rate Risk

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

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

	GROUP	
	Effect on Profit Before Tax	
	2021 Rs.'000	2020 Rs.'000
Variable rate instruments (10% decrease)	53,037	66,377
Variable rate instruments (10% Increase)	(53,037)	(66,377)

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

	GROUP		COMPANY	
	31.03.2022 Rs. Mn	31.03.2021 Rs. Mn	31.03.2022 Rs. Mn	31.03.2021 Rs. Mn
Fixed interest rate bearing Loans	114.21	8.12	2.75	4.05
Variable interest rate bearing Loans	1,583.84	353.03	1,484.42	142.88
Total	1,698.05	361.15	1,487.17	146.93

After the reporting date, the market interest rates applicable on loans and deposits were increased significantly, resulting in an increase of net finance cost.

30.2.4 Capital Management

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

31. RELATED PARTY TRANSACTIONS

31. (a) Parent and Ultimate Controlling Party

The Company's Parent Company is The Colombo Fort Land & Building PLC.

31. (b) i. Details of Significant Related Party Transactions are given Below:

	Transactions with Group		Transactions with Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Transactions with Subsidiary Companies Listed in Note 16.1				
Sales of Goods	-	-	6,001,546	5,308,855
Fund Transfers and Settlements	-	-	6,441,682	5,918,150
Incurred Reimbursable Expenses	-	-	820,993	815,994
Service Charges	-	-	23,674	47,414
Commission Income on Corporate Guarantees	-	-	15,898	11,326
Interest Charge	-	-	17,214	8,245
Purchases	-	-	1,430	1,734
Rent Income	-	-	1,701	3,503
Rent Expense	-	-	52,742	45,673
Loans Granted During the Year	-	-	50,000	-
Loans obtained during the Year	-	-	310,000	-
Transactions with Associates				
Loans Granted During the Year	-	-	-	41,400
Sales of Goods	-	-	-	38
Fund Transfers and settlements	-	-	-	33,500
Interest Income	-	-	-	6,653
Commission on Corporate Guarantees	-	-	-	17,971
Transactions with The Colombo Fort Land and Building PLC (Ultimate Parent Company)				
Interest Income	3,374	-	3,374	-
Settlements of Loans, Current Account & Expenses	106,108	18	106,108	18
Loans Obtained during the Year	-	6,000	-	6,000
Loans Granted During the Year	96,734	-	96,734	-
Transactions with Other Related Companies				
Sales of Goods	215	104	215	104
Interest on Loans	18,172	7,820	18,172	7,820
Incurred Reimbursement of Expenses	2,626	-	2,626	-
Fund Transfers during the year	101,763	17,000	101,763	82,540
Loans Granted during the Year	150,000	50,500	150,000	50,500

NOTES TO THE FINANCIAL STATEMENTS

31. (b) ii. Related Party Transactions Disclosure

Recurrent Transactions

The recurrent related party transactions entered into, for which the value exceeded 10% of Group revenue, during the financial year ended 31st March 2022 are detailed below;

Name of Related Party	Relationship	Nature of the Transaction	Aggregate Value of Related Party Transactions Entered into during the financial year Rs. '000	Aggregate Value of Related Party Transactions as a % of Group Revenue	Terms and Conditions of Related Party Transactions
Darley Butler & Company Limited	Subsidiary	Sale of Goods (without turnover related taxes)	5,720,054	33%	Credit sales on pre-agreed prices
		Settlements	5,684,786	32%	Settlement of trade dues

Non-recurrent Transactions

The non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2022, the value of which exceeded 10% of shareholders' equity or 5% of total assets of the Group are detailed below.

Name of Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year Rs.'000	Value of the Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of Related Party Transactions	The rationale for entering into the transactions
Lankem Ceylon PLC	Affiliate	600,000	12.1% of Total Equity 3.7% of Total Assets	Purchase consideration was determined based on an independent valuation carried out	Acquisition of Property for expansion of production facilities and also to mitigate the operational risks by setting up additional production lines at a separate location and for the Company's own storage facilities.
Darley Butler & Company Limited	Subsidiary	770,000	15.5% of Total Equity 4.7% of Total Assets	A Corporate Guarantee was executed for Rs. 770 Mn in favour of Bank of Ceylon on behalf of Darley Butler & Co.Ltd	Assisting Darley Butler & Co. Ltd to enhance its banking facilities by offering a security in the form of a Corporate Guarantee.

31. (c) The Directors of the Company are also Directors of the following companies

	A. Rajaratnam	S.D.R. Arudbragasam	R. N. Bopearatchy	S. Rajaratnam	R. C. A. Welikala	P. M. A. Sirimane	A. R. Rasiah	S. N. P. Palihena	A. M. Mubarak	A. M. de. S. Jayaratne	R. Seevarathnam	S. W. Gunawardena
E. B. Creasy & Company PLC	√	√	√	√	√	√	√	√	√	√	√	√
Corporate Systems Limited		√	√	√	√							√
Filmpak Limited		√	√	√	√							
E. B. Creasy Logistics Limited		√	√	√	√	√						√
Muller & Phipps (Ceylon) PLC		√	√	√	√	√	√	√	√			√
Pettah Pharmacy (Pvt) Limited		√	√	√	√	√	√	√	√			√
Darley Butler & Co. Limited		√	√	√	√	√	√	√	√	√	√	√
Candy Delights Limited		√	√	√	√	√	√	√	√	√	√	√
E. B. Creasy Ceylon (Pvt) Limited		√	√	√	√	√						√
Group Three Associates (Pvt) Limited		√	√	√	√							√
Lanka Special Steels Limited		√	√	√	√	√						√
Laxapana Batteries PLC		√	√	√	√	√	√	√	√			√
Lankem Ceylon PLC		√				√			√		√	
Lankem Developments PLC		√	√			√		√				
Lankem Paints Limited		√	√									
Lankem Consumer Products Limited		√	√									
Lankem Chemicals Limited		√	√									
Lankem Exports (Pvt) Limited		√										
Lankem Plantation Services Limited	√	√										
SunAgro LifeScience Limited		√	√									
SunAgro Farms Limited		√	√									
SunAgro Foods Limited		√	√									
Lankem Technology Services Limited		√	√									
Lankem Research Limited		√	√									
Associated Farms (Pvt) Limited		√										
B.O.T Hotel Services (Pvt) Limited		√		√						√		
Galle Fort Hotel (Pvt) Limited		√		√								
Colombo Fort Hotels Limited		√		√								
Lak Kraft (Pvt) Limited		√		√								
Sherwood Holidays Limited		√		√								
Sigiriya Village Hotels PLC		√		√			√					
Marawila Resorts PLC		√		√			√					
Beruwala Resorts PLC		√		√			√					
Imperial Hotels Limited		√		√								
Consolidated Tea Plantations Limited	√	√								√		
Creasy Plantation Management Limited	√	√										
Lankem Tea & Rubber Plantations (Pvt) Limited	√	√										

NOTES TO THE FINANCIAL STATEMENTS

	A. Rajaratnam	S.D.R. Arudpragasam	R.N. Bopearatchy	S. Rajaratnam	R.C.A. Welikala	P.M. A. Sirimane	A. R. Rasiah	S.N.P. Pathena	A. M. Mubarak	A.M. de. S. Jayaratne	R. Seevaratnam	S.W. Gunawardena
Kotagala Plantations PLC		√								√		
Agarapatana Plantations Limited		√										
Waverly Power (Pvt) Limited		√		√								
Union Commodities (Pvt) Limited		√										
C. W. Mackie PLC		√		√						√		
The Colombo Fort Land & Building PLC	√	√		√		√				√	√	
Colombo Fort Group Services (Pvt) Limited		√				√						

Mr. S. Rajaratnam was appointed to the Board of C.W. Mackie PLC with effect from 20th April 2021.

Dr. A.M. Mubarak was appointed to the Board of Lankem Ceylon PLC with effect from 21st April 2021.

Mr. S. Rajaratnam and Mr. S.W. Gunawardena were appointed to the Boards of Pettah Pharmacy (Private) Limited and Muller & Phipps (Ceylon) PLC with effect from 10th June 2021 and 15th June 2021 respectively.

The above Notes should be read in conjunction with Note 6, 19, 29 and 31 to the Financial Statements.

31. (d) Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS - 24 - 'Related Party Disclosures', Key Management Personnel are those having the responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Company/Group.

Company

(i) Loans to the Directors

No Loans have been granted to the Directors of the Company.

(ii) Compensation Paid to Key Management Personnel

	2021/22 Rs. '000	2020/21 Rs. '000
Short term Employee Benefits	366,750	320,210

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 31 (d) to these Financial Statements.

Group

(i) Loans to the Directors

No loans have been granted to the Directors of the Group.

(ii) Compensation paid to Key Management Personnel

	2021/22 Rs.'000	2020/21 Rs.'000
Short term Employee Benefits	397,774	355,263

(iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 31 (d) to these Financial Statements.

32. OPERATING SEGMENTS

	Trading Consumer Products		Trading Industrial Products		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
External Revenue	12,971,560	9,827,119	4,260,317	3,750,871	277,038	188,858	17,508,915	13,766,848
Inter Segment Revenue	6,325,252	5,628,022	-	-	94,227	107,801	6,419,479	5,735,823
Total Revenue for Reportable Segments	19,296,812	15,455,141	4,260,317	3,750,871	371,265	296,659	23,928,394	19,502,671
Interest Income	102,399	42,091	10,352	13,011	-	-	112,751	55,102
Interest Expenses	817,631	451,575	71,445	78,331	-	-	889,076	529,906
Depreciation and Amortisation	216,858	217,119	30,745	33,546	21,262	20,444	268,865	271,109
Profit/(Loss) before Income Tax	781,740	541,134	248,439	302,921	7,462	(12,179)	1,037,641	831,876
Total Assets	14,702,333	11,052,552	1,450,260	1,782,319	366,739	257,185	16,519,332	13,092,056
Total Liabilities	9,975,235	6,965,182	880,929	1,323,539	352,823	297,889	11,208,987	8,586,610
Capital Expenditure	935,123	242,051	146,778	31,301	16,273	7,592	1,098,174	280,944

32.1 SEGMENTS

Segmentation has been determined based on the operating activities of the company or the sector, where multiple activities fall within one company or sector has been based on the core activities of that particular sector.

Trading Consumer Products – Manufacturing, Selling and Distribution of Consumer Products

Trading Industrial Products – Manufacturing, Selling and Distribution of Industrial Products

Others – Special Projects and Other Services

32.2 RECONCILIATION OF REPORTABLE SEGMENT REVENUE, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER MATERIAL ITEMS

Revenue

	2021/22 Rs.'000	2020/21 Rs.'000
Total revenue for reportable segments	23,928,394	19,502,671
Elimination of Inter Segment revenue	(6,419,479)	(5,735,823)
Consolidated revenue	17,508,915	13,766,848

NOTES TO THE FINANCIAL STATEMENTS

Profit/(Loss) before tax

	2021/22 Rs.'000	2020/21 Rs.'000
Total Profit/(Loss) before Tax for reportable segments	1,037,641	831,876

Assets

	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Total assets for reportable segment	16,519,332	12,893,723
Investment in equity accounted investee	-	198,333
	16,519,332	13,092,056

Liabilities

	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Total Liabilities for reportable segment	11,208,987	8,586,610

Other material items

	2021/22 Rs.'000	2020/21 Rs.'000
Interest Income	112,751	55,102
Interest Expenses	889,076	529,906
Capital expenditure	1,098,174	280,944
Depreciation and amortisation	268,865	271,109

33. CAPITAL EXPENDITURE AND COMMITMENTS

33.1 COMPANY

The Company had no material capital or financial commitments as at the date of the Statement of Financial Position.

33.2 GROUP

There were no material capital or financial commitments as at the date of the Statement of Financial Position.

34. CONTINGENT LIABILITIES

34.1 COMPANY

There were no material contingent liabilities outstanding as at the date of the Statement of Financial Position, other than those disclosed below.

Contingent liabilities in relation to guarantees issued by E. B. Creasy & Company PLC to financial institutions on behalf of its Subsidiaries and other Group companies to obtain facilities from Financial Institutions, were as follows:

	31.03.2022 Rs. '000	31.03.2021 Rs. '000
Darley Butler & Co. Limited	770,000	460,000
Ceyflex Rubber Limited	64,353	64,353
Lankem Ceylon PLC	832,000	832,000
	1,666,353	1,356,353

34.2 GROUP

34.2.1 Lanka Special Steels Limited

Lanka Special Steels Limited has given a guarantee of Rs. 15,500,000/- to Sri Lanka Custom and USD 10,000/- to Bureau of Indian Standards, which were outstanding as at 31st March 2022.

35. EVENTS OCCURRING AFTER THE REPORTING DATE

E. B. Creasy & Co PLC subscribed for 24,660,000 shares in the Rights Issue of ACME Printing & Packaging PLC and further 21,851,641 additional Rights shares. With this, the equity stake held by E. B. Creasy & Co. PLC in ACME Printing & Packaging PLC increased to 57.62%. E. B. Creasy & Co. PLC acting in concert with Lankem Ceylon PLC holds 82.72% in issued shares of ACME Printing & Packaging PLC after the Rights Issue.

The Company made an assessment on the implications by the Surcharge Tax as per the requirements of the Surcharge Tax Act No. 14 of 2022 and concluded that the Company does not meet the taxable income threshold criteria and thereby no Surcharge Tax Liability arises accordingly.

Subsequent to the reporting period, no circumstances have arisen that would require adjustments to, or disclosure in the Financial Statements other than the disclosed above.

36. IMPACT DUE TO UNCERTAIN AND VOLATILE MACRO ECONOMIC CONDITIONS

The Group's businesses mainly comprise of sale of consumer goods, pharmaceutical items, confectionery products, batteries, CFL and LED bulbs, steel related products and value added latex sports bands.

The present financial crisis in the country have brought about additional uncertainties in the Group's operating environment and the challenges imposed from the macroeconomic front caused disruptions to the business operations and delays in recovery of debts. However, the Group's overall business was not significantly impacted. No significant increase in credit risk was identified in respect of receivables.

As the situation is evolving, the effects of these challenges are subject to uncertainty, with the full range of possible effects currently unknown. However, the management is vigilant on social and economic variables, and will continue to monitor and assess the impact and likelihood of both risks and opportunities.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

Level II : Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecasted EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Forecast EBITDA margin 15% (2021:15%) Risk-adjusted discount rate 20% (2021: 15%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower); or the risk-adjusted discount rate was lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Equity Securities	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.	Forecast EBITDA margin 15-20% (2021:15-20%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Corporate debt Securities	Market comparison/discounted cash flows: The fair value is estimated considering (i) current or recent quoted prices for identical securities in the markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by a liquidity factor.	Not applicable.	Not applicable.

Financial Instruments Carried at Fair Value

Group

	Level I		Level II		Level III		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Financial Assets measured at Fair Value through OCI	504,839	26,323	14,713	19,789	630,009	457,833	1,149,561	503,945
Total	504,839	26,323	14,713	19,789	630,009	457,833	1,149,561	503,945

Financial Instruments Carried at Fair Value

Company

	Level I		Level II		Level III		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Financial Assets measured at Fair Value through OCI	363,541	1,046	-	-	133,104	397	496,645	1,443
Total	363,541	1,046	-	-	133,104	397	496,645	1,443

SHARE INFORMATION

1. MARKET VALUE

The market value of the Company's ordinary shares was

	2022 Rs.	2021 Rs.
Highest	36.30	8,390.00
Lowest	16.30	29.20
Market value as at the year end	16.90	30.40

2. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2022 was 25.60%. (31st March 2021 - 25.76%)

The applicable option under CSE Rule 7.14.1 (i) (a) on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31.03.2022 was Rs.1,096,806,789.00.

PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2022 was 1,647 (31st March 2021 - 1,482)

3. DISTRIBUTION OF ORDINARY SHARES

No. of Shares Held	31st March 2022			31st March 2021		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
1 - 1,000	859	281,973	0.11	826	282,350	0.11
1,001 - 10,000	543	2,255,958	0.89	444	1,905,865	0.75
10,001 - 100,000	227	5,759,012	2.27	197	4,881,538	1.93
100,001 - 1,000,000	25	6,105,601	2.41	22	5,669,295	2.24
Over - 1,000,000	9	239,143,256	94.32	10	240,806,752	94.97
	1,663	253,545,800	100.00	1,499	253,545,800	100.00

CATEGORIES OF SHAREHOLDERS

	31st March 2022			31st March 2021		
	No. of Shareholders	Total Holdings	% of Total Shares	No. of Shareholders	Total Holdings	% of Total Shares
Individuals	1,566	20,127,866	7.94	1,424	19,004,520	7.50
Institutions	97	233,417,934	92.06	75	234,541,280	92.50
	1,663	253,545,800	100.00	1,499	253,545,800	100.00

4. TOP 20 SHAREHOLDERS

Position	Name	31st March 2022		31st March 2021	
		No. of Shares	%	No. of Shares	%
1	THE COLOMBO FORT LAND AND BUILDING PLC	134,319,500	52.98	134,319,500	52.98
2	SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	40,945,296	16.15	42,609,752	16.81
3	UNION INVESTMENTS (PRIVATE) LTD	16,770,000	6.61	16,770,000	6.61
4	COLOMBO FORT INVESTMENTS PLC	15,912,000	6.28	15,911,600	6.28
5	COLOMBO INVESTMENT TRUST PLC	10,551,060	4.16	7,550,500	2.98
6	C M HOLDINGS PLC	10,000,000	3.94	10,000,000	3.94
7	MR. RADHAKRISHNAN MAHESWARAN	3,548,500	1.40	3,548,500	1.40
8	MISS MEENAMBIGAI PRIYADARSHINI RADHAKRISHNAN	3,548,500	1.40	3,548,500	1.40
9	MISS ANDAL RADHAKRISHNAN	3,548,400	1.40	3,548,400	1.40
10	TRANZ DOMINION, L.L.C.	700,100	0.28	700,100	0.28
11	PHOTOKINA LTD	680,400	0.27	680,400	0.27
12	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	500,000	0.20	200,000	0.08
13	SISIRA INVESTORS LIMITED	413,684	0.16	576,473	0.23
14	SAMPATH BANK PLC/DR. T. SENTHILVERL	410,000	0.16	410,000	0.16
15	MR. MOHAMED HUSSAIN MOHAMMED SANOON	400,000	0.16	350,000	0.14
16	THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	282,800	0.11	282,800	0.11
17	CONSOLIDATED HOLDINGS (PRIVATE) LIMITED	259,600	0.10	259,600	0.10
18	MR. UDAYATHILAKA INDRAPALA SURIYABANDARA	189,489	0.07	236,222	0.09
19	DR. HETTIARACHCHIGE WALTER ELLIOT TISSERA	188,700	0.07	188,700	0.07
20	MRS. DEBBI BRITT PERRY-LARSEN AND MRS. OTHELIA DAWN SPARE	187,990	0.07	63,000	0.02
		243,356,019	95.97	241,754,047	95.35

GROUP FINANCIAL SUMMARY

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
				Restated	Restated		Restated			
Trading Results										
Revenue	29,093,808	20,477,356	20,386,004	24,924,382	26,346,879	15,486,226	10,793,779	11,186,301	13,766,848	17,508,915
Profit/(Loss) before Tax	991,960	182,043	255,456	452,664	(301,647)	88,372	(829,386)	(366,910)	831,876	1,037,641
Income Tax Expense	(247,347)	(162,248)	(212,297)	(209,780)	(162,247)	(90,887)	86,966	(57,598)	(248,248)	(299,530)
Profit/ (Loss) for the Year	744,613	19,795	43,159	242,884	(463,894)	(642,921)	(742,420)	(424,508)	583,628	738,111
Non-controlling Interest	466,358	(18,073)	(45,941)	129,821	(275,231)	(244,096)	98,709	(27,400)	76,328	26,253
Equity Holders of the Parent	278,255	37,868	89,100	113,063	(188,663)	(512,060)	1,829,522	(368,817)	753,801	1,195,691
Assets Employed:										
Property, Plant & Equipment	14,422,163	6,863,311	8,285,179	8,344,246	8,331,782	2,267,741	5,064,111	4,976,294	5,043,655	6,288,800
Investments	269,492	640,012	536,601	514,319	544,274	482,258	596,937	577,756	558,120	1,149,561
Biological Assets	703,816	-	-	-	-	-	-	-	-	-
Intangible Assets	532,880	441,206	594,108	623,848	694,396	247,918	229,351	272,448	240,233	208,080
Investment in Associate	-	646,521	420,499	315,163	279,056	540,159	768,638	465,289	198,333	-
Other Non-Current Assets	164,420	199,672	138,312	342,512	423,006	353,654	340,310	554,264	500,059	361,471
Net Current Assets/ (Liabilities)	133,929	76,355	(1,009,914)	(1,133,153)	(1,148,749)	(99,087)	(716,889)	(892,074)	(157,746)	373,675
	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765	3,792,643	6,282,458	5,953,977	6,382,654	8,381,587
Equity										
Stated Capital	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731	25,731
Reserves	148,394	148,394	148,394	148,394	148,394	9,548	2,632,243	2,639,586	2,975,281	2,636,782
Retained Earnings	3,079,617	3,040,809	2,807,692	2,889,054	2,456,197	2,325,961	1,306,736	826,010	1,153,818	2,307,663
Non-controlling										
Non-controlling Interest	5,621,908	3,388,168	3,196,767	3,272,389	2,635,145	176,990	279,133	247,012	350,616	340,169
	8,875,650	6,603,102	6,178,584	6,335,568	5,265,467	2,538,230	4,243,843	3,738,339	4,505,446	5,310,345
Long-Term Liabilities	4,809,011	1,608,661	2,134,221	1,811,521	2,964,046	1,079,746	1,103,588	1,272,579	1,300,850	2,400,464
Deferred Liabilities	2,509,023	655,314	651,980	859,846	894,252	174,667	935,027	943,059	576,358	670,778
	7,318,034	2,263,975	2,786,201	2,671,367	3,858,298	1,254,413	2,038,615	2,215,638	1,877,208	3,071,242
	16,226,700	8,867,077	8,964,785	9,006,935	9,123,765	3,792,643	6,282,458	5,953,977	6,382,654	8,381,587

NOTICE OF MEETING

Notice is hereby given that the Eighty Ninth Annual General Meeting of E. B. Creasy & Company PLC will be held on Wednesday, 28th September 2022, at 12.00 noon and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2022 with the Report of the Auditors' thereon.
2. To reappoint Mr. R. N. Boppearatchy who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 6)
3. To reappoint Mr. A. Rajaratnam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 7)
4. To reappoint Mr. A. M. de S. Jayaratne who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 8)
5. To reappoint Mr. R. Seevaratnam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 9)
6. To reappoint Mr. A. R. Rasiah who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.10)
7. To reappoint Mr. S. N. P. Palihena who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.11)
8. To reappoint Dr. A.M. Mubarak who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.12)
9. To reappoint Mr. S. D. R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.13)
10. To authorise the Directors to determine contributions to charities.
11. To reappoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By Order of the Board,
Corporate Managers & Secretaries (Private) Limited
Secretaries

Colombo
29th August 2022

NOTICE OF MEETING

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Limited at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
5. Please refer the CSE website and the "Circular to Shareholders" dated 29th August 2022 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. R. N. Bopearatchy who is eighty one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R. N. Bopearatchy."
7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. A. Rajaratnam who is eighty one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A. Rajaratnam."
8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. A. M. de S. Jayaratne who is eighty two years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A. M. de S. Jayaratne."
9. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. R. Seevaratnam who as at the date of the Annual General Meeting of the Company, would have reached seventy nine years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R. Seevaratnam."
10. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. A. R. Rasiah who is seventy six years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A. R. Rasiah."
11. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. S. N. P. Palihena who is seventy five years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S. N. P. Palihena."
12. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Dr. A.M. Mubarak who is seventy one years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Dr. A. M. Mubarak."
13. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:
Resolved –
"That Mr. S. D. R. Arudpragasam who is seventy one years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S. D. R. Arudpragasam."

NOTES

NOTES

FORM OF PROXY

I/We
 of being a
 member/members of E.B. Creasy & Company PLC, hereby appoint
 of whom failing

- | | |
|---|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 2. Ranjeevan Seevaratnam | of Colombo or failing him |
| 3. Sanjeev Rajaratnam | of Colombo or failing him |
| 4. Alagarajah Rajaratnam | of Colombo or failing him |
| 5. Rohan Chrisantha Anil Welikala | of Colombo or failing him |
| 6. Ranjit Noel Bopearatchy | of Colombo or failing him |
| 7. Parakrama Maithri Asoka Sirimane | of Colombo or failing him |
| 8. Albert Rasakantha Rasiah | of Colombo or failing him |
| 9. Shanthikumar Nimal Placidus Palihena | of Colombo or failing him |
| 10. Azeez Mohamed Mubarak | of Colombo or failing him |
| 11. Ajit Mahendra de Silva Jayaratne | of Colombo or failing him |
| 12. Sanjeewa Wijesiri Gunawardena | of Colombo |

as my/our proxy to represent me/us and to speak and vote on my/our behalf at the Eighty Ninth Annual General Meeting of the Company to be held on Wednesday, 28th September 2022 at 12.00 noon and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon		
2. To reappoint Mr. R.N. Bopearatchy as a Director		
3. To reappoint Mr. A. Rajaratnam as a Director		
4. To re appoint Mr. A.M. de S. Jayaratne as a Director		
5. To reappoint Mr. R. Seevaratnam as a Director		
6. To re appoint Mr. A.R. Rasiah as a Director		
7. To reappoint Mr. S.N.P. Palihena as a Director		
8. To reappoint Dr. A.M. Mubarak as a Director		
9. To reappoint Mr. S.D.R. Arudpragasam as a Director.		
10. To authorise the Directors to determine contributions to charities		
11. To reappoint as Auditors KPMG and authorise the Directors to determine their remuneration.		

The proxy may vote as he/she thinks fit on any resolution brought before the meeting.

As witness my /our hands this day of Two Thousand and Twenty Two.

.....
 Signature

Note:

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the proxy should vote, the proxy may vote as he/she thinks fit. Instructions for completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.
2. In the case of Corporate Members the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorised Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight (48) hours before the time appointed for the meeting.

CORPORATE INFORMATION

NAME OF THE COMPANY

E. B. Creasy & Company PLC (EBC PLC)

LEGAL FORM

Public Quoted Company with Limited Liability incorporated in Sri Lanka under the Joint Stock Companies Ordinance 1861

COMPANY NUMBER

PQ 182

PRINCIPAL ACTIVITIES

The principal activities are manufacture of consumer disposables and marketing of hardware and automotive accessories and installation of solar power systems

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

REGISTERED OFFICE

P.O. Box 37, No. 98, Sri Sangaraja Mawatha, Colombo 10.
Telephone : 94 (11) 2421311, Fax: 94 (11) 2448534

BOARD OF DIRECTORS

Chairman/Managing Director
Mr. S. D. R. Arudpragasam, *FCMA (UK)*

DEPUTY CHAIRMAN

Mr. R. Seevaratnam, *B.Sc. (Lond.), FCA (Eng. and Wales), FCA (ICASL)*

JOINT MANAGING DIRECTOR

Mr. S. Rajaratnam, *B.Sc. CA*

DIRECTORS

Mr. A. Rajaratnam, *FCA*
Mr. R.N. Bopearatchy, *B.Sc. (Cey), Dip. BM, MBA (Univ. of Col.)*
Mr. R.C.A. Welikala
Mr. P.M.A. Sirimane, *FCA, MBA*
Mr. A.R. Rasiah, *B.Sc. (Cey), FCA*
Mr. S.N.P. Palihena, *FCIB (U.K.), FIB (SL), Post Grad. Dip. Bus. & FA*
Dr. A.M. Mubarak, *B.Sc. (SL), Ph.D. (Cantab), FICHEMC, FNASSL*
Mr. A.M. de S. Jayaratne, *B.Sc. (Econ.), FCA (Eng. and Wales), FCA (ICASL)*
Mr. S.W. Gunawardena, *B.Sc., MBA*

SECRETARIES

Corporate Managers & Secretaries (Private) Limited
No. 8-5/ 2, Leyden Bastian Road, York Arcade Building,
Colombo 01.

AUDITORS

KPMG
Chartered Accountants
P.O. Box 186, Colombo 03.

LEGAL ADVISERS

Julius & Creasy
P.O. Box 154, Colombo 01.

BANKERS

Bank of Ceylon
Amana Bank PLC
Cargills Bank Limited
Commercial Bank of Ceylon PLC
Sampath Bank PLC
NDB Bank PLC
Union Bank of (Colombo) PLC
People's Bank
Seylan Bank PLC
Nations Trust Bank PLC
Hatton National Bank PLC
Standard Chartered Bank
Pan Asia Banking Corporation PLC

SUBSIDIARIES

Darley Butler & Co. Limited (DBCL)
Candy Delights Limited (CDL)
Laxapana Batteries PLC (LBP)
E. B. Creasy Ceylon (Private) Limited (EBCC)
Group Three Associates (Pvt) Limited (GTA)
Corporate Systems Limited (CSL)
E. B. Creasy Logistics Limited (EBL)
Muller & Phipps (Ceylon) PLC (M&P)
Pettah Pharmacy (Pvt) Limited (PPL)
Lanka Special Steels Limited (LSSL)
Ceyflex Rubber Limited (CRL)