DUTCH LANKA TRAILER MANUFACTURERS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2020

EY
Building a better working world

Ernst & Young
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DUTCH LANKA TRAILER MANUFACTURERS LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Dutch Lanka Trailer Manufacturers Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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.

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 financial reporting process of both Company and Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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.

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.

Ernst & Young

10 July 2020
Colombo

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

ASSETS	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Non-Current Assets					
Property, Plant and Equipment	3	246,141,146	235,294,112	172,483,444	172,291,191
Right of Use Assets	3.6	25,073,030	-	-	-
Deferred Tax Assets	19.2	5,494,200	2,635,851	4,450,110	2,134,433
Investment in Subsidiaries	4.1	-	-	11,500,000	11,500,000
Investment in Equity Accounted Investee	4.2	678,633,679	696,971,698	212,020,099	212,020,099
		955,342,055	934,901,661	400,453,653	397,945,723
Current Assets					
Inventories	5	382,152,934	433,373,659	290,935,322	328,024,770
Trade and Other Receivables	6	305,010,288	327,691,930	299,640,622	291,713,860
Advances and Prepayment		66,884,430	35,795,689	61,141,680	31,501,950
Other Current Financial Assets	7	142,057,773	128,067,268	142,057,773	128,067,268
Tax Receivables	8	17,238,309	21,996,225	14,001,933	19,506,328
Cash and Short-term Deposits	10	73,785,425	64,120,270	7,657,889	4,414,949
		987,129,159	1,011,045,041	815,435,219	803,229,125
Total Assets		1,942,471,214	1,945,946,702	1,215,888,872	1,201,174,848
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	11	312,228,618	312,228,618	312,228,618	312,228,618
Other Reserves		(12,281,341)	-	-	-
Revaluation Reserve		18,708,474	4,950,874	18,708,474	4,950,874
Foreign Currency Translation Reserve		53,366,777	38,880,629	-	-
Retained Earnings		696,420,981	705,155,265	191,201,278	150,101,331
Equity Attributable to Equity-holders of the Parent		1,068,443,509	1,061,215,386	522,138,370	467,280,823
Total equity		1,068,443,509	1,061,215,386	522,138,370	467,280,823
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12	37,262,923	27,555,720	1,789,668	4,087,386
Retirement Benefit Obligations	13	36,829,249	30,483,839	31,154,918	25,715,285
		74,092,172	58,039,559	32,944,586	29,802,671
Current Liabilities					
Interest Bearing Loans and Borrowings	12	526,182,405	528,653,369	432,557,249	447,971,959
Trade and Other Payables	14	273,753,128	298,038,388	228,248,667	256,119,395
		799,935,533	826,691,757	660,805,916	704,091,354
Total Equity and Liabilities		1,942,471,214	1,945,946,702	1,215,888,872	1,201,174,848

These Financial Statements are in compliance with the requirements of the Companies Act No.7 of 2007.

....
Financial Controller

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

P. P. Hitorusing

.... Director

.... Director

The Accounting Policies and Notes on pages 08 to 38 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
COLOMBO
10 July 2020
Colombo

Dutch Lanka Trailer Manufacturers Limited and it's Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2020

	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Continuing Operations					
Revenue	15	1,318,263,913	1,718,229,927	1,134,929,395	1,407,972,912
Cost of Sales		(893,238,824)	(1,142,582,982)	(723,379,400)	(881,931,128)
Gross Profit		425,025,089	575,646,945	411,549,995	526,041,784
Other Operating Income and Gains	16	21,091,882	7,894,349	17,406,376	113,859,507
Selling and Distribution Expenses		(182,350,306)	(180,855,891)	(181,533,868)	(181,487,174)
Administrative Expenses		(209,350,295)	(219,856,672)	(173,829,713)	(190,217,157)
Operating Profit		54,416,370	182,828,731	73,592,790	268,196,960
Finance Costs	17	(54,945,056)	(48,992,879)	(37,868,324)	(36,423,783)
Finance Income	17.1	20,659,715	19,911,138	14,001,042	13,954,873
Profit Before Tax	18	20,131,029	153,746,990	49,725,508	245,728,050
Share of Profit of Joint Ventures	4.2	6,095,769	342,700,431	-	-
Gain on disposal of subsidiary	19	-	1,104,498	-	-
Income Tax Expenses	20	(8,191,238)	(3,033,494)	(8,356,087)	(852,164)
Profit for the Year		18,035,560	494,518,425	41,369,421	244,875,886
Attributable to:					
Equity-holders of the parent		18,035,560	501,537,904		
Non-Controlling Interests		-	(7,019,479)		
		18,035,560	494,518,425		

The Accounting Policies and Notes on pages 08 to 38 form an integral part of these financial statements.

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Chartered Accountants
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2020

	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Profit for the Year		18,035,560	494,518,425	41,369,421	244,875,886
Other Comprehensive Income					
Acturial loss on retirement Benefits	13	(121,363)	(1,582,796)	(313,342)	(752,263)
Income Tax Effect		(9,886)	62,598	43,868	210,634
Other Comprehensive Income relating to Equity Accounted Investee		54,140	(358,528)	-	-
Revaluation of Property, Plant and Equipment		13,757,600		13,757,600	
				-	-
Translation of Foreign Operations		-	3,958,817	-	-
Other Comprehensive Income / (loss) for the Year		13,680,491	2,080,091	13,488,126	(541,629)
Total comprehensive income for the year, net of tax		31,716,051	496,598,516	54,857,547	244,334,257
Attributable to:					
Equity-holders of the Parent		31,716,051	503,617,995		
Non-Controlling Interests		-	(7,019,479)		
		31,716,051	496,598,516		

The Accounting Policies and Notes on pages 08 to 38 form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

Group	Stated Capital Rs.	Other Reserve Rs.	Revaluation Reserve Rs.	Foreign Currency Translation Reserve Rs.	Retained Earnings Rs.	Non Controlling Interests Rs.	Total Rs.
Balance as at 01 April 2018	312,228,618	6,450,773	-	14,776,628	223,761,022	10,813,250	568,030,291
Profit/(Loss) for the Year	-	-	-	-	501,537,904	(7,019,479)	494,518,425
Other Comprehensive Income	-	-	-	-	(1,878,726)	-	(1,878,726)
Disposal of Subsidiary	-	(6,450,773)	-	(7,487,779)	-	(3,793,771)	(17,732,323)
Trasnsfer to revaluation reserve	-	-	4,950,874	-	(4,950,874)	-	-
Total Comprehensive Income	312,228,618	-	4,950,874	7,288,849	494,708,304	-	1,042,937,667
Exchange Translation difference	-	-	-	31,591,780	(13,314,061)	-	18,277,719
Balance as at 31 March 2019	312,228,618	-	4,950,874	38,880,629	705,155,265	-	1,061,215,386
Profit for the Year	-	-	-	-	18,035,560	-	18,035,560
Other Comprehensive Income	-	-	13,757,600	-	(77,109)	-	13,680,491
Total Comprehensive Income	312,228,618	-	18,708,474	38,880,629	723,113,716	-	1,092,931,437
Exchange Translation difference	-	(12,281,341)	-	14,486,148	(26,692,735)	-	(24,487,928)
Balance as at 31 March 2020	312,228,618	(12,281,341)	18,708,474	53,366,777	696,420,981	-	1,068,443,509

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2018	312,228,618	-	(89,282,052)	222,946,566
Profit for the Year	-	-	244,875,886	244,875,886
Other Comprehensive Income		-	(541,629)	(541,629)
Total Comprehensive Income	-	-	244,334,257	244,334,257
Transfer from retained earnings	-	4,950,874	(4,950,874)	-
Balance as at 31 March 2019	312,228,618	4,950,874	150,101,331	467,280,823
Profit for the Year	-	-	41,369,421	41,369,421
Other Comprehensive Income		13,757,600	(269,474)	13,488,126
Total Comprehensive Income	-	13,757,600	41,099,947	54,857,547
Balance as at 31 March 2020	312,228,618	18,708,474	191,201,278	522,138,370

The Accounting Policies and Notes on pages 08 to 38 form an integral part of these financial statements.

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Chartered Accountants
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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2020

Cash Flows from/(used in) Operating Activities	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Profit Before Tax		20,131,029	153,746,990	49,725,508	245,728,050
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and re-estimation of property Plant and Equipments		17,361,964	19,267,785	18,717,560	17,456,652
Depreciation on Lease assets		4,363,040	-	-	-
Provision for Impairment Losses on Fixed Assets, CWIP and Intangibles		5,225,078	-	-	-
Share of Profit of Equity Accounted Investees		(6,095,769)	-	-	-
Provision for Defined Benefit Obligations		6,970,264	5,995,738	5,732,108	4,961,758
Provision for Bad and Doubtful Debts		(90,890)	(16,738,520)	37,451	(15,513,297)
Provision for Inventories		7,494,048	(3,098,797)	6,658,720	(2,634,254)
Finance Income		(20,431,573)	(19,911,138)	(14,001,042)	(13,954,873)
Finance Costs		54,945,056	48,992,879	37,868,324	36,423,783
Disposal (loss) / gain on investment		-	(1,104,498)	-	3,028,811
Gain on disposal of Property Plant and Equipment		(3,825,000)	-	-	-
Dividend income		(2,100)	(1,820)	(2,100)	(104,008,478)
Foreign Currency Exchange Loss		8,198,598	26,965,335	8,146,427	26,924,587
Operating Profit before Working Capital Changes		94,243,745	214,113,954	112,882,956	198,412,739
Working capital adjustments:					
Decrease / (Increase) in Inventories		43,726,677	(105,870,625)	30,430,728	(123,351,886)
Decrease / (Increase) in Trade and Other Receivables		22,772,532	136,126,410	(7,964,213)	165,419,517
(Increase)/Decrease in Advances and Prepayments		(31,088,741)	14,441,607	(29,639,730)	(2,397,962)
Increase / (Decrease) in Trade and Other Payables		(24,285,260)	2,613,412	(27,870,726)	9,103,587
		105,368,953	261,424,758	77,839,015	247,185,995
Income Tax Paid		(5,438,403)	(10,647,418)	(5,123,503)	(4,268,758)
Interest Received		20,431,573	19,911,138	14,001,042	13,954,873
Defined Benefit Obligation Paid		(746,217)	(3,039,288)	(605,817)	(2,092,748)
Net Cash from Operating Activities		119,615,906	267,649,190	86,110,737	254,779,362
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment		(43,887,468)	(53,813,827)	(5,152,213)	(12,798,087)
Proceeds from Sale of Property, Plant and Equipment		3,825,000	-	-	-
Investment in shares/Fixed Deposits		(13,990,505)	(19,350,377)	(13,990,505)	(13,794,258)
Dividend received		2,100	104,010,298	2,100	104,008,478
Net Cash from/(used in) Investing Activities		(54,050,873)	30,846,094	(19,140,618)	77,416,133
Cash Flows from/(used in) Financing Activities					
Repayment of Interest Bearing Loans and Borrowings		(1,308,778,772)	(2,299,199,743)	(1,201,611,394)	(2,156,376,159)
Receipts of Interest Bearing Loans and Borrowings		1,276,161,546	2,039,928,468	1,172,301,565	1,867,593,537
Lease Granted		26,746,212	5,100,000	-	5,100,000
Principal Payment under Finance Lease Liabilities		(4,735,423)	(2,525,840)	(2,322,335)	(2,323,646)
Finance Cost Paid		(54,945,056)	(48,992,879)	(37,868,324)	(36,423,783)
Net Cash Flows used in Financing Activities		(65,551,493)	(305,689,994)	(69,500,488)	(322,430,051)
Net Increase/(Decrease) in Cash and Cash Equivalents		13,540	(7,194,710)	(2,530,369)	9,765,444
Effect of Exchange Rate changes on Cash and Cash Equivalent		(4,442,981)	(66,994,886)	(4,398,347)	(14,646,827)
Cash and Cash Equivalents at the beginning of the year		(56,060,608)	18,128,988	(89,728,408)	(84,847,025)
Cash and Cash Equivalents at the end of the year	10	(60,490,049)	(56,060,608)	(96,657,124)	(89,728,408)

The Accounting Policies and Notes on pages 08 to 38 form an integral part of these financial statements.

ERNST & YOUNG
Chartered
Accountants
COLOMBO

1. CORPORATE INFORMATION

1.1 General

Dutch Lanka Trailer Manufacturers Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the company is located at No 575, Orumix Bilding,1st Floor, Nawala Road, Rajagiriya and principal place of business of the Company is located at Naththandiya Road, Dankotuwa.

The financial statements for the year ended 31 March 2020, comprises "the Company" referring to Dutch Lanka Trailer Manufacturers Limited as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.2 Principal Activities and Nature of Operations

Holding Company

Dutch Lanka Trailer Manufacturers Limited, the group's holding company, manages portfolio of holdings consisting of business operations in the same line of industry. It is also engaged in manufacturing and selling of trailers of all types.

Subsidiaries and Joint Venture

The Subsidiaries and Joint Ventures of the Group were engaged in the business of production, manufacture, sale and distribution of Trailers of all types and description for the carriage of Cargo containers and all other goods of like nature.

There were no significant changes in the nature of principal activities of the Company and the Group during the financial year under review.

1.3 Parent and Ultimate Parent Entity

In the opinion of Directors, the Company's ultimate parent undertaking and controlling party is TRF Limited which is incorporated and domiciled in India.

1.4 Date of Authorisation for Issue

The Financial Statements for the year ended 31 March 2020 were authorized for issue by the Board of Directors on 10 July 2020.

ERNST & YOUNG
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2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Changes in Accounting Policies

2.1.1 New and amended standards and interpretations

The Company applied SLFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019/20, but do not have an impact on the financial statements of the Company. IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" becomes effective for the annual periods beginning on or after 01 January 2019. The nature and effect of the changes as a result of adoption of this new Interpretation are described in Note 2.1.1.1 (a) below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a) SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

The Company adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adopting SLFRS 16 is presented in note 3.6 to the Financial Statements.

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with above, the Company applied SLFRS 16 from the date of transition.

For the year ended 31 March 2020:

- Depreciation expense increased because of the depreciation of additional assets recognised (i.e., increase
- in right-of-use assets, net of the decrease in 'Property, plant and equipment')
- 'Finance costs' increased
- Income tax expense' decreased relating to the tax effect of these changes in expenses
- Cash outflows from operating activities decreased and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities

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2.1.1.1 Interpretations effective from 01st January 2019

(a) IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

This Interpretation clarifies how to apply the recognition and measurement requirements in LKAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability, applying the requirements in LKAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

IFRIC 23 does not apply to taxes or levies outside the scope of LKAS 12 and does not specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- **Whether an entity considers uncertain tax treatments separately** - An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, based on which approach better predicts the resolution of the uncertainty

- **The assumptions an entity makes about the examination of tax treatments by taxation authorities** - In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

- **How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates** - If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings.

If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:

- The most likely amount—the single most likely amount in a range of possible outcomes.
- The expected value—the sum of the probability-weighted amounts in a range of possible outcomes.
- How an entity considers changes in facts and circumstances - An entity shall reassess a judgment or estimate required by this Interpretation if the facts and circumstances on which the judgment or estimate was based change or as a result of new information that affects the judgment or estimate.

This Interpretation is effective for annual reporting periods beginning on or after 1st January 2019. The Company has applied IFRIC 23 in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates during the year. The Company does not have material uncertainties over the application of tax treatments that would require separate disclosures in the financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Basis of Preparation

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

ERNST & YOUNG
Chartered Accountants
COLOMBO

2.2.1 Basis of Measurements

The financial statements have been prepared on a historical cost basis, except for the Financial instruments are measured at fair value through profit or loss are measured at fair value and unless otherwise indicated in these financial statements.

2.2.2 Statement of Compliance

The financial statements which of comprises the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Cash Flow statements together with accounting policies and notes have been prepared in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007.

2.2.3 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group and the appropriateness of the use of the going concern basis. In March 2020, each company evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios , relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services to ensure businesses continue as least impacted as possible.

Having presented the outlook for Group Board and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgements, estimates and assumptions the impact of the COVID 19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

2.2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

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The following subsidiary has been incorporated in Sri Lanka.

Name of the Company	Holding Percentage	
	31.03.2020	31.03.2019
Dutch Lanka Engineering (Private) Limited	100%	100%

The following joint venture have been incorporated outside the Sri Lanka.

	Country of Incorporation	Holding Percentage 31.03.2020	31.03.2019
TATA International DLT (Private) Limited	India	50%	50%

2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements of the group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets , liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

b) Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, special premium, retirement age and going concern of the Company. Due to the long term nature of the plan, such estimates are subject to significant uncertainty.

c) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

d) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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e) Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

2.4 Significant Accounting Policies

2.4.1 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Groups of cash generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

2.4.2 Interest in a Joint Venture

Under SLFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Dutch Lanka Trailer Manufacturers Limited recognises its direct rights to the net assets of the arrangement. It recognizes its interests in the joint venture as an investment and accounts for that investment using the equity method. These have been incorporated in the financial statements under the appropriate headings.

The joint venture of the Group is;

Name	Country of Incorporation	Holding Percentage 2020	Holding Percentage 2019
TATA International DLT (Private) Limited	India	50%	50%

2.4.3 Foreign Currency Translations

The Group's consolidated financial statements are presented in Sri Lankan rupees, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

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Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

Group companies

The assets and liabilities of foreign operations are translated into Sri Lankan Rupee at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in the statement of comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.4.4 Taxes

Current income tax

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

Current income tax relating to items recognized directly in Statement of changes in equity is also recognized in Statement of changes in equity and not in the Statement of comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in operations, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in statement of comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable

- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.4.5 Property, Plant and Equipment

Basis of measurement

Property, Plant and equipment is stated at cost except for freehold land, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions and Provisions for further information about the recorded decommissioning Provision.

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

Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.4.6 Leases

The Group recognises a lease liability at the date of initial application for leases previously classified as operating leases applying LKAS 17. The lessee shall measure that lease liability at the present value of the remaining lease payments, discounted using the lessee's IBR at the date of initial application.

SLFRS 16 has changed the recognition of leases by replacing the 'risk and reward' model in LKAS 17 with a 'right-of-use' model for lessees. The Group determines whether 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. SLFRS 16 introduces a single on-balance sheet model for lessees similar to the accounting for finance lease under LKAS 17. Accordingly, leases within the scope of SLFRS 16 are brought on to the balance sheet recognising a 'right-of-use' asset and related lease liability. As a result, the portion of off-balance sheet finance kept in the form of operating lease is recognised on balance sheet, except for short-term leases (lease term 12 months or less) and leases of low value.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2.4.7 Borrowing costs

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

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

2.4.8 Financial instruments – initial recognition and subsequent measurement

SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company applied SLFRS 9 retrospectively with the date of initial application of 1 April 2018. The company has not restated the comparative information, which continues to be reported under LKAS 39. Differences arising from the adoption of SLFRS 9 have been recognized directly in retained earnings and other components of equity.

The effect of adopting SLFRS 09 as at 1 April 2018 did not have a significant financial impact to the balances as at 1 April 2018.

However, classification of financial assets has been change as follows.

a) Classification and Measurement Under SLFRS 9

Debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Trade receivables and other short term deposit of the company as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortized cost, beginning from 1 April 2018 under LKAS 39, these financial assets have been classified as loans and Receivables.

There are no changes in classification and measurement of the Company's financial liabilities.

b) Impairment

The adoption of SLFRS 9 has fundamentally changed the company's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

Trade receivables and prepayments

Company applied the simplified approach in calculating the expected credit loss of the trade receivables & prepayments. However, the adoption of the ECL requirements of SLFRS 9 did not result in any material increases in impairment allowances of the company's debt financial assets.

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2.4.9 Financial liabilities

2.4.9.1 Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and finance leases.

2.4.9.2 Subsequent measurement

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

2.4.9.3 Derecognition

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

2.4.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

• There is a currently enforceable legal right to offset the recognised amounts and
• There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

2.4.11 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

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2.4.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials:

- Purchase cost on weighted average basis

Finished goods and work in progress:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.4.13 Cash and Cash Equivalents

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

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.4.14 Provisions

Provisions are recognized when the Group has a present obligation (legal or 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. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

2.4.15 Retirement Benefit Obligations

a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected 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 outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

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The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 13. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The Group's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in statement of comprehensive income in accordance with LKAS 19. Accordingly, the Group recognised all cumulative actuarial gains and losses at the date of transition to SLFRS. Further details are disclosed in financial statements. The gratuity liability is not externally funded.

2.4.16 Impairment of Non- Financial Assets

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

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.4.17 Income Statement

Revenue from contract with Customers

The Group has applied SLFRS 15 first time with the initial application date of 01 April 2018. It has been elected modified retrospective method in applying the standard,

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations

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Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The performance obligation of the Company towards its customers is to arranging travelling related services (airline and accommodation). The ultimate responsibility to provide such services lies with the respective service provider and the Company does not have any control over providing of such services to the customer. Hence, as per SLFRS 15, the company is acting as an agent in delivering said services. Accordingly, the company has recognised its revenue in the amount of commission to which it is expected to be entitled in arranging such services. The Company entitles for the commission from the respective service provide upon the reservation made with the respective airline and accommodation provider, and recognise the commission income as the revenue at that point.

However, no changes to the revenue recognition point and the measurement bases are occurred due to the adoption of SLFRS 15

2.4.18 Revenue from other income sources

Dividend and interest income

Dividend income from investments is recognised when the Company's right to receive payment has been established. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimates future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Others

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling 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.

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2.5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

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

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

The Company does not expect significant impact on its financial statements resulting from the application of the above standards, amendments and interpretations.

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3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

3.1.1 Gross Carrying Amounts	Balance as at 01.04.2019 Rs.	Additions Rs.	Disposal/Write off Rs.	Balance as at 31.03.2020 Rs.
Land	51,983,000	13,757,600	-	65,740,600
Buildings	198,093,705	22,599,747	-	220,693,452
Plant and Machinery	89,743,303	4,945,800	-	94,689,103
Computer Equipments	22,536,224	313,400	-	22,849,624
Other Equipments	22,114,150	141,865	-	22,256,015
Furniture and Fittings	12,353,385	799,695	-	13,153,080
Electrical Installations	2,332,763	-	-	2,332,763
Motor Vehicles	10,270,817	-	(5,200,000)	5,070,817
Total Value of Depreciable Assets	409,427,347	42,558,107	(5,200,000)	446,785,454
3.1.2 Assets on Finance Lease				
Motor Vehicles	12,566,345	-	-	12,566,345
Folklift	8,837,146	-	-	8,837,146
Plant and Machinery	820,000	-	-	820,000
	22,223,491	-	-	22,223,491

3.1.3 In the Course of Construction	Balance as at 01.04.2019 Rs.	Incurred During the Year Rs.	Transfers Rs.	Balance as at 31.03.2020 Rs.
Capital Work in Progress	36,735,547	18,774,274	(27,923,383)	27,586,438
	36,735,547	18,774,274	(27,923,383)	27,586,438
	468,386,385	61,332,381	(33,123,383)	496,595,383

3.1.4 Depreciation	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Disposals/ Write-off Rs.	Balance As at Rs.
Buildings	82,111,668	10,088,804	-	92,200,472
Plant and Machinery	80,357,284	5,400,989	-	85,758,273
Computer Equipments	21,168,391	650,476	-	21,818,867
Other Equipments	20,899,205	625,629	-	21,524,834
Furniture and Fittings	10,348,632	1,022,444	-	11,371,076
Electrical Installations		466,553	-	466,553
Motor Vehicles	9,458,717	212,790	(5,200,000)	4,471,507
Total Depreciation	224,343,897	18,467,685	(5,200,000)	237,611,582
				237,611,584
3.1.5 Assets on Finance Lease				
Motor Vehicles	2,876,614	2,475,336	-	5,351,950
Folklift	5,307,872	1,413,943	-	6,721,815
Plant and Machinery	563,890	205,000	-	768,890
	8,748,376	4,094,279	-	12,842,655
	233,092,273	22,561,964	(5,200,000)	250,454,237

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3. PROPERTY, PLANT AND EQUIPMENT (Contd...) - Group

3.1.6 Net Book Values

	31.03.2020 Rs.	01.04.2019 Rs.
Land	65,740,600	51,983,000
Buildings	128,492,980	115,982,037
Plant and Machinery	8,930,830	9,386,019
Computer Equipments	1,030,757	1,367,833
Other Equipments	731,181	1,214,945
Furniture and Fittings	1,782,004	2,004,753
Electrical Installations	1,866,210	2,332,763
Motor Vehicles	599,310	812,100
	209,173,872	185,083,450
Assets on Finance Lease		
Motor Vehicles	7,214,395	9,689,731
Folklift	2,115,331	3,529,274
Plant and Machinery	51,110	256,110
	9,380,836	13,475,115
In the Course of Construction		
Capital Work in Progress	27,586,438	36,735,547
	27,586,438	36,735,547
Total Carrying Amount of Property, Plant and Equipment	**246,141,146**	**235,294,112**

Company

3.2.1 Gross Carrying Amounts

	Balance As at 01.04.2019 Rs.	Additions Rs.	Disposals/ Write off Rs.	Balance As at 31.03.2020 Rs.
Land	51,983,000	13,757,600	-	65,740,600
Buildings	173,870,555	-	-	173,870,555
Plant and Machinery	84,445,978	3,190,070	-	87,636,048
Computer Equipments	20,624,412	313,400	-	20,937,812
Other Equipments	16,123,281	141,865	-	16,265,146
Furniture and Fittings	10,343,622	9,486	-	10,353,108
Motor Vehicles	3,009,553	-	-	3,009,553
Total Value of Depreciable Assets	360,400,401	17,412,421	-	377,812,822

3.2.2 Assets on Finance Lease

Motor Vehicles	12,566,345	-	-	12,566,345
Folklift	8,837,146	-	-	8,837,146
	21,403,491	-	-	21,403,491

3.2.3 In the Course of Construction

	Balance as at 01.04.2019 Rs.	Incurred During Rs.	Transfers Rs.	Balance as at 31.03.2020 Rs.
Capital Work in Progress	3,553,489	1,497,392	-	5,050,881
	3,553,489	1,497,392	-	5,050,881
Total Gross Carrying Amount	385,357,381	18,909,813	-	404,267,194

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3. PROPERTY, PLANT AND EQUIPMENT (Contd...) - Company

3.2.4 Depreciation

	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Disposals/ Write off Rs.	Balance As at 31.03.2020 Rs.
Buildings	81,368,843	8,620,448	-	89,989,291
Plant and Machinery	75,616,003	4,952,379	-	80,568,382
Computer Equipments	19,933,675	437,460	-	20,371,135
Other Equipments	15,696,126	127,372	-	15,823,498
Furniture and Fittings	9,257,504	690,622	-	9,948,126
Motor Vehicles	3,009,553	-	-	3,009,553
Total Depreciation	204,881,704	14,828,281	-	219,709,985
Assets on Finance Lease				
Motor Vehicles	2,876,614	2,475,336	-	5,351,950
Folklift	5,307,872	1,413,943	-	6,721,815
	8,184,486	3,889,279	-	12,073,765
	213,066,190	18,717,560	-	231,783,750
		3,829,147		

3.2.5 Net Book Values

	31.03.2020 Rs.	01.04.2019 Rs.
Land	65,740,600	51,983,000
Buildings	83,881,264	92,501,712
Plant and Machinery	7,067,666	8,829,975
Computer Equipments	566,677	690,737
Other Equipments	441,648	427,155
Furniture and Fittings	404,982	1,086,118
	158,102,837	155,518,697
Assets on Finance Lease		
Motor Vehicles	7,214,395	9,689,731
Folklift	2,115,331	3,529,274
	9,329,726	13,219,005
In the Course of Construction		
Capital Work in Progress	5,050,881	3,553,489
	5,050,881	3,553,489
Total Carrying Amount of Property, Plant and Equipment	172,483,444	172,291,191

3.3 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 137,209,164/- (2019 - Rs. 134,048,051/-)

3.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 5,152,213/- (2019 - Rs. 12,798,087/-). Acquisitions through Cash payments amounting to Rs. 5,152,213/- (2019 - Rs. 7,698,087/-)

3.5 The useful lives of the assets are estimated as follows;

	2020	2019
Buildings	20 Years	20 Years
Plant and Machinery	04 - 13 Years	04 - 13 Years
Computer Equipments	04 Years	04 Years
Other Equipments	05 - 17 Years	05 - 17 Years
Furniture and Fittings	05 Years	05 Years
Motor Vehicles	04 Years	04 Years

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

3.6 Initial Application of SLFRS 16 - Leases

The Group as a lessee has applied SLFRS 16 as initial application with effect from 19 July 2019 with the sign off of new lease agreement and therefore the comparative information does not require any restatement. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

-the contract involves the use of an identified
-the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; ar
-the Company has the right to direct the use of the asset

the Group recognises a right-of-use asset and a lease liability at the lease commencement date of 19 July 2019 signed with Dutch Lanka Engineering Private Limited. The right of use assets of the Group consist of Lindell premises taken on rent.

3.6.1 Rights of use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Dutch Lanka Engineering Private Limited's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. 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 movement of Right of Use Lease assets of the Company is as follows;

Right of use asset - Dutch Lanka Engineering Private Limited

	Balance As at 01.04.2019	Additions	Advance Payment for Leases	Balance As at 31.03.2020
At Gross Value				
Lindell Lease	-	29,436,070	-	29,436,070
Depreciation				
	Balance As at 01.04.2019	**Charge for the year**	**De-Recognition**	**Balance As at 31.03.2020**
Lindell Lease	-	4,363,040	-	4,363,040
Net Book Value				
Lindell Lease				25,073,030

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		Group Holding		Company	
4.	**INVESTMENTS IN SUBSIDIARIES/ JOINT VEN'**			**Fair Value**	**Fair Value**
	Non-Quoted	**2020 %**	**2019 %**	**2020 Rs.**	**2019 Rs.**
4.1	**Investments in Subsidiaries**				
	Dutch Lanka Engineering (Private) Limited	100%	100%	11,500,000	11,500,000
				11,500,000	11,500,000

4.2 Investment in Joint Ventures

4.2.1 Group

Tata International DLT (Private) Limited is a joint venture in which the Group has joint control and an ownership interest of 50%. It's structured as a separate strategic vehicle and the Group has a residual interest in the net assets of Tata International DLT. Accordingly the Group has classified its interest in Tata International DLT (Private) Limited as a joint venture.

The following table summarises the financial information of Tata International DLT as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of Group's interest in Tata International DLT.

	2020	2019
Percentage ownership interest	**Rs.**	**Rs.**
Non current assets	1,163,792,456	938,075,005
Current assets	1,674,516,467	1,885,483,275
Non current liabilities	(222,849,662)	(255,173,858)
Current liabilities	(1,258,191,902)	(1,174,441,027)
Net assets 100%	1,357,267,359	1,393,943,396
Group's share of net assets 50%	**678,633,679**	**696,971,698**
Carrying amount of interest in Joint venture	678,633,679	696,971,698
Revenue	6,551,443,648	12316191263
Depreciation and amortization	147,032,498	44470751.85
Interest expense	70,867,099	51880397.93
Income tax expense	1,590,957	283426880
Profit for the year (100%)	12,191,538	685400860.5
Group's share of profit for the year (50%)	6,095,769	342,700,430
Other comprehensive income (100%)	108,280	(717,053)
Group's share of other comprehensive income (50%)	54,140	(358,527)
Dividends received by the Group	-	104,006,658

4.2.2 Company

The Company's investment value in Tata International DLT (Private) Limited is as follows.

Tata International DLT (Private) Limited	50%	50%	212,020,099	212,020,099
			212,020,099	212,020,099

5. INVENTORIES	**Group**		**Company**	
	2020 Rs.	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Raw Materials	257,840,400	360,246,666	176,738,244	256,994,553
Work in Progress	114,913,812	90,754,290	105,724,485	85,343,785
Finished Goods	-	-	-	-
Goods in Transit	48,120,073	13,600,006	38,444,336	8,999,455
	420,874,285	464,600,962	320,907,065	351,337,793
Provision for Obsolete Inventories	(38,721,351)	(31,227,303)	(29,971,743)	(23,313,023)
	382,152,934	433,373,659	290,935,322	328,024,770

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6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade Receivables - Related Parties (Note 6.1)	-	-	12,017,578	2,085,711
- Others	291,387,722	318,858,661	285,087,155	289,083,322
Less: Provision for Bad and Doubtful Debts	(1,845,028)	(1,935,918)	(1,831,223)	(1,793,772)
	289,542,694	316,922,743	295,273,510	289,375,261
VAT Recoverable	13,233,752	8,430,588	2,133,270	-
Other Receivables	2,233,842	2,338,599	2,233,842	2,338,599
	305,010,288	327,691,930	299,640,622	291,713,860

6.1 Trade Receivables - Related Parties

	Relationship	Group		Company	
		2020	2,019.00	2020	2019
		Rs.	Rs.	Rs.	Rs.
Dutch Lanka Engineering (Pvt) Ltd	Subsidiary	-	-	12,017,578	2,085,711
		-	-	12,017,578	2,085,711

7. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Investments in Quoted shares	57,120	57,120	57,120	57,120
Investments in Fixed Deposits	101,748,000	101,748,000	101,748,000	101,748,000
Interest Income Receivable	40,252,653	26,262,148	40,252,653	26,262,148
	142,057,773	128,067,268	142,057,773	128,067,268

8. TAX RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
ESC Recoverable	11,976,810	16,737,382	11,232,445	16,737,382
Income Tax Receivable	2,160,261	2,191,843	-	-
Withholding Tax	3,101,238	3,067,000	2,769,488	2,768,946
	17,238,309	21,996,225	14,001,933	19,506,328

10. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Favourable Cash and Cash Equivalent Balances				
Cash at Bank	7,513,182	4,355,346	7,513,182	3,302,831
Cash in Hand	199,121	88,637	144,707	1,112,118
Short Term Fixed Deposits	66,073,122	59,676,287	-	-
Total Favourable Cash and Cash Equivalent Balances	73,785,425	64,120,270	7,657,889	4,414,949
Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(134,275,474)	(120,180,878)	(104,315,013)	(94,143,357)
	(134,275,474)	(120,180,878)	(104,315,013)	(94,143,357)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(60,490,049)	(56,060,608)	(96,657,124)	(89,728,408)

11. STATED CAPITAL

	2020		2019	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	152,306,150	312,228,618	152,306,150	312,228,618
	152,306,150	312,228,618	152,306,150	312,228,618

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12. INTEREST BEARING LOANS AND BORROWINGS

	Group Finance Leases (Note 12.1)	Group Bank Loans (Note 12.3)	Group Bank Overdraft (Note 10)	Group Inter company Loan (Note 12.5)	Group Total	Company Finance Leases (Note 12.2)	Company Bank Loans (Note 12.4)	Company Bank Overdraft (Note 10)	Company Inter company Loan (Note 12.5)	Company Total
As at 31 March 2020	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Amount repayable within 1 year	5,698,621	329,621,230	134,275,474	56,587,080	526,182,405	1,883,086	269,772,070	104,315,013	56,587,080	432,557,249
Amount repayable after 1 year	22,674,923	14,588,000	-	-	37,262,923	1,789,668	-	-	-	1,789,668
	28,373,544	344,209,230	134,275,474	56,587,080	563,445,328	3,672,754	269,772,070	104,315,013	56,587,080	434,346,917
As at 31 March 2019										
Amount repayable within 1 year	2,141,997	353,491,494	120,180,878	52,839,000	528,653,369	1,907,703	299,081,899	94,143,357	52,839,000	447,971,959
Amount repayable after 1 year	4,220,758	23,334,962	-	-	27,555,720	4,087,386	-	-	-	4,087,386
	6,362,755	376,826,456	120,180,878	52,839,000	556,209,089	5,995,089	299,081,899	94,143,357	52,839,000	452,059,345
			14,094,596							

12.1 Finance Lease - Group

	As at 31.03.2019	New Leases Obtained	Repayments	As at 31.03.2020	Current As at 31.03.2020	Non Current As at 31.03.2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Liability	7,535,841	26,746,212	(5,393,727)	28,888,326	6,085,705	22,802,621
Finance Charges allocated to Future Periods	(1,173,086)	-	658,304	(514,782)	(387,084)	(127,698
Net Liability	6,362,755	26,746,212	(4,735,423)	28,373,544	5,698,621	22,674,923

12.2 Finance Leases - Company

	As at 31.03.2019	New Leases Obtained	Repayments	As at 31.03.2020	Current As at 31.03.2020	Non Current As at 31.03.2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	851,577	-	(851,577)	-	-	-
Hatton National Bank PLC	6,275,016	-	(2,091,672)	4,183,344	2,265,978	1,917,366
Gross Liability	7,126,593	-	(2,943,249)	4,183,344	2,265,978	1,917,366
Finance Charges allocated to Future Periods	(1,131,504)	-	620,914	(510,590)	(382,892)	(127,698
Net Liability	5,995,089	-	(2,322,335)	3,672,754	1,883,086	1,789,668

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

12.3 Bank Loans - Group

	As at 01.04.2019	Loans Obtained	Repayments	As at 31.03.2020	Current As at 31.03.2020	Non Current As at 31.03.2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Term Loan	32,082,962	-	(8,746,962)	23,336,000	8,748,000	14,588,000
Import Loan	344,743,494	1,276,161,546	(1,300,031,810)	320,873,230	320,873,230	-
	376,826,456	1,276,161,546	(1,308,778,772)	344,209,230	329,621,230	14,588,000

12.4 Bank Loans - Company

	As at 01.04.2019	Loans Obtained	Repayments	As at 31.03.2020	Current As at 31.03.2020	Non Current As at 31.03.2020
Term Loans	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
National Development Bank PLC	-	-	-	-	-	-
	-	-	-	-	-	-
Import Loans						
Commercial Bank of Ceylon PLC	-	122,715,107	(86,999,763)	35,715,344	35,715,344	-
National Development Bank PLC	62,408,896	539,199,031	(491,608,658)	109,999,269	109,999,269	-
Bank of Ceylon	94,940,384	226,421,039	(197,303,966)	124,057,457	124,057,457	-
Hatton National Bank PLC	81,496,159	12,760,108	(94,256,267)	-	-	
Purchase Bills	60,236,460	271,206,280	(331,442,740)	-	-	-
	299,081,899	1,172,301,565	(1,201,611,394)	269,772,070	269,772,070	-
	299,081,899	1,172,301,565	(1,201,611,394)	269,772,070	269,772,070	-

12.5 Related Party Loans

	As At 01.04.2019	Loans Obtained	Repayments	Exchange Rate Changes	As At 31.03.2020
	Rs.	Rs.	Rs.	Rs.	Rs.
TRF Singapore Ltd	52,839,000	-	-	3,748,080	56,587,080
Dutch Lanka Trailer LLC Oman	-	-	-	-	-
	52,839,000	-	-	3,748,080	56,587,080

Dutch Lanka Trailer LLC Oman is included in Liabilities of Assets Held for Sale (Note 4.3)

13. DEFINED BENEFIT OBLIGATIONS

	Group		Company	
	2020	2019	2020	2019
Defined Benefit Plan - Gratuity	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	30,483,839	25,944,593	25,715,285	22,094,013
Interest Cost	3,353,222	2,724,182	2,828,681	2,319,871
Current Service Cost	3,617,042	3,271,556	2,903,427	2,641,887
Acturial Loss	121,363	1,582,796	313,342	752,263
Paid for the year	(746,217)	(3,039,288)	(605,817)	(2,092,749)
At the end of the year	36,829,249	30,483,839	31,154,918	25,715,285

The Expenses are recognized in the following line items in the statement of Profit or loss and other comprehensive income

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Cost of Sales	2,627,776	2,276,518	1,732,646	1,602,663
Admiration Expenses	4,342,488	3,719,220	3,999,462	3,359,094
	6,970,264	5,995,738	5,732,108	4,961,757
Other Comprehensive Income	121,363	1,582,796	313,342	752,263

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13. DEFINED BENEFIT OBLIGATIONS (Contd...)

13.1 Messrs. Acturial & Management Consultants (Private) Limited carried out an actuarial valuation of the defined benefit as at 31 March 2020. Appropriate compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2020	2019
Discount Rate	10.00%	11.00%
Salary Increase Rate	7.00%	8.00%
Staff Turnover Rate	15%	10%
Retirement Age	55 Years	55 Years

13.2 Sensitivity of Assumptions Used in the Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Income Statement and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	Group		Company	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate assumed	(1,997,833)	2,231,078	(1,609,712)	1,790,771
Further salary increase	2,419,644	(2,197,407)	1,946,418	(1,774,875)

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Payables - Related Parties (Note - 14.1)	36,287,457	36,147,946	36,287,457	36,147,946
- Others	149,694,374	172,332,139	118,234,066	139,578,592
	185,981,831	208,480,085	154,521,523	175,726,538
Other Payables	87,771,297	89,558,303	73,727,144	80,392,855
	273,753,128	298,038,388	228,248,667	256,119,393

14.1 Trade Payables - Related Parties

	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
TRF Limited - India	Parent	36,287,457	36,147,946	36,287,457	36,147,946
		36,287,457	36,147,946	36,287,457	36,147,946

15. REVENUE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Sale of Goods - Local	130,702,704	284,659,405	19,631,481	26,952,475
- Export*	1,052,958,745	1,281,988,578	1,052,958,745	1,281,988,578
Spare Parts Sales	84,687,384	113,933,644	62,339,169	99,031,859
General Fabrication Income	13,190,953	630,000	-	-
Repair Income	36,724,127	37,018,300	-	-
	1,318,263,913	1,718,229,927	1,134,929,395	1,407,972,912

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16. OTHER INCOME

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Sundry Income	17,264,782	7,892,529	17,404,276	9,851,029
Dividend Income	2,100	1,820	2,100	104,008,478
Profit on sale of Fixed Assets	3,825,000	-	-	-
	21,091,882	7,894,349	17,406,376	113,859,507

17. FINANCE COSTS

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Interest Expense on Overdrafts	13,894,435	10,174,786	10,628,430	6,731,852
Interest Expense on Loans and Borrowings	37,472,666	38,496,185	26,601,649	29,440,662
Interest Expenses on Finance Leases	675,635	321,908	638,245	251,269
Interest Expense on Lease - Lindel	2,902,320	-	-	-
	54,945,056	48,992,879	37,868,324	36,423,783

17.1 Finance Income

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Interest Income	20,431,573	19,911,138	14,001,042	13,954,873
Interest Income on Ref.Dep.Lindel	228,142	-	-	-
	20,659,715	19,911,138	14,001,042	13,954,873

18. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Stated after Charging/(Crediting)

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Included in Cost of Sales				
Employees Benefits including the following	91,803,686	92,547,726	60,076,127	62,926,078
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	2,627,776	2,375,817	1,732,646	1,602,663
- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	9,878,015	9,288,821	6,579,846	6,302,963
Depreciation	15,701,478	11,859,266	12,655,151	10,499,252
Included in General and Administration Expenses				
Employees Benefits including the following	95,917,204	85,072,808	80,497,887	72,049,719
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	4,342,488	3,719,220	3,999,462	3,359,094
- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	10,170,779	8,706,730	8,473,212	7,281,340
Depreciation	6,860,485	7,411,533	6,062,409	6,957,400
Professional Fees	5,136,412	6,802,391	3,479,567	4,343,160
Director's Fee	1,154,679	1,164,930	1,154,679	1,164,930
Donation	475,356	279,260	284,171	86,000
Exchange Loss	8,198,598	26,965,335	8,146,427	26,924,587
Included in Selling and Distribution Costs				
Provision for Bad and Doubtful Debts	417,646	(15,093,079)	187,451	(15,513,297)
Bad Debts	211,542	29,229,607	211,542	29,331,895
Advertising	148,650	203,436	70,950	200,636

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19. INCOME STATEMENT

	Group		Company	
	2020	2019	2020	2019
Current Income Tax	Rs.	Rs.	Rs.	Rs.
Current Income Tax Charge (Note 19.1)	-	1,697,151	-	-
Under Provision of Current Taxes in respect of prior years	431,577	3,989	-	-
ESC Receivable written off	10,627,896	1,791,436	10,627,896	1,791,436
Deferred Income Tax				
Deferred Taxation Reversal on Acturial Loss	(9,886)	62,598	(43,868)	(210,634)
Deferred Taxation Reversal (Note 19.2)	(1,700,110)	(274,047)	(1,525,962)	(81,701)
Deferred Taxation Reversal on reassortment	(1,114,371)	(185,035)	(745,847)	(857,571)
Income tax expense reported in the Income Statement	8,235,106	3,096,092	8,312,219	641,530

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

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Income Tax	20,131,030	254,727,855	49,725,508	245,728,050
Allowed Items	(37,515,282)	(34,148,907)	(30,612,287)	(28,753,938)
Disallowed Items	63,787,853	22,712,579	37,270,958	20,256,162
Other Source of Income	(3,519,469)	(117,963,351)	(14,003,142)	(117,963,351)
	42,884,132	125,328,176	42,381,037	119,266,923
Group				
Taxable Loss from Business	-	-	-	-
Taxable Profit from Business	42,884,132	125,328,176	42,381,037	119,266,923
Other Sources of Income	3,519,469	117,963,351	14,003,142	117,963,351
Interest Income - FCBU	2,100	-	2,100	-
Dividend Income subject to WHT	-	(104,008,478)	-	(104,008,478)
Tax Losses Utilised during the year	(56,386,279)	(133,221,796)	(56,386,279)	(133,221,796)
Loss for the year	(9,980,578)	6,061,253	-	-
Income Tax @ 14%	-	1,697,151	-	-
Current Income Tax Charge	-	1,697,151	-	-
Tax Losses Utilized				
Tax Losses Brought Forward	70,112,536	204,417,029	70,112,536	204,417,029
Tax Losses incurred during the year	22,404,297	-	-	-
Tax Losses Utilised during the year	(56,386,279)	(133,221,796)	(56,386,279)	(133,221,796)
Adjustments on Finalization of Liability	(992,205)	(1,082,697)	(992,205)	(1,082,697)
Tax Losses Carried Forward	35,138,349	70,112,536	12,734,052	70,112,536

19.2 Deferred Taxation - Group

	2020	2019
	Rs.	Rs.
Balance as at 01 April	2,635,851	4,591,507
Provision for the year	1,938,354	(380,201)
Re-estimation of Assets	919,995	1,049,918
Exchange Difference	-	(2,625,373)
Balance as at 31 March	5,494,200	2,635,851

Company	Balance Sheet		Statement of Comprehensive Income	
	2020	2019	2020	2019
Deferred Tax Assets	Rs.	Rs.	Rs.	Rs.
Capital Allowances for Tax purpose	(4,303,745)	(7,251,140)	2,947,395	(1,850,860)
Retirement Benefit Obligation	4,361,688	7,200,280	(2,838,592)	1,013,956
Warranty Provision	452,505	3,443,893	(2,991,388)	1,129,239
Inventory Provision	4,196,044	-	4,196,044	-
Provision for Doubtful Debtors	256,371	-	256,371	-
			1,569,830	292,335
Deferred Tax opening rate change effect		-		
Re-estimation of Fixed Assets	(512,753)	(1,258,600)	745,847	857,571
Deferred Taxation Charge			2,315,677	1,149,906
Net Deferred Asset	4,450,110	2,134,433		

The company has a tax loss that is available indefinitely for offset against future Statutory Income of the Company subject to limitation of 14% of Statutory Income in each year of assessment. A deferred tax asset has not been recognised in respect of this tax loss.

20. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

20.1 Transaction with the Parent and Related Entities

Nature of Transactions	Parent 2020 Rs.	Parent 2019 Rs.	Subsidiaries 2020 Rs.	Subsidiaries 2019 Rs.	Joint Venture 2020 Rs.	Joint Venture 2019 Rs.	Total 2020 Rs.	Total 2019 Rs.
As at 1st April	36,147,946	35,346,013	(2,085,711)	22,631,378	-	-	34,062,235	57,977,391
Sale of Goods	-	-	(8,023,267)	-	-	-	(8,023,267)	-
Purchase of Goods	-	-	8,202,103	4,485,831	-	-	8,202,103	4,485,831
Dividend Income	-	-	-	-	-	104,008,478	-	104,008,478
Provision of Services	-	-	(511,543)	(12,275,497)	-	-	(511,543)	(12,275,497)
Receipt of Services	-	-	1,008,073	-	-	-	1,008,073	-
Funds Received	-	-	45,338,630	36,626,989	-	(104,008,478)	45,338,630	(67,381,489)
Expenses incurred on behalf of the subsidiary	-	-	(55,945,863)	(53,554,412)	-	-	(55,945,863)	(53,554,412)
Expenses incurred on behalf of the Company	616,408	801,933	-	-	-	-	616,408	-
Exchange Gain/Loss	(476,897)	-	-	-	-	-	(476,897)	-
As at 31 March	36,287,457	36,147,946	(12,017,578)	(2,085,711)	-	-	24,269,879	33,260,302
Included in								
Trade and Other payables/(receivables)	36,287,457	36,147,946	(12,017,578)	(2,085,711)	-	-	24,269,879	34,062,235
	36,287,457	36,147,946	(12,017,578)	(2,085,711)	-	-	24,269,879	34,062,235

* Parent: TRF Ltd - India, Subsidiaries: Dutch Lanka Engineering (Private) Limited, Dutch Lanka Trailer LLC (Oman) and Joint Venture : TATA International DLT Pvt. Limited

20.2 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly including the members of the Board of Directors of the Company and that of its parent.

a) Key Management Personnel Compensation

	2020 Rs.	2019 Rs.
Short-term Employee Benefits	12,933,979	12,494,238

b) Other Transactions

No material transactions have taken place during the year with the Key Management Personnel of the Company, which require disclosure in these Financial Statements other than those disclosed above.

20.3 Other Related Parties Disclosures

No material transactions have taken place during the year with the parties/entities in which Key Management Personnel or their Close Family Members have control, joint control or significant influence, which require disclosure in these Financial Statements.

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21. EARNINGS/(LOSS) PER SHARE

Basic earning/(loss) per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earning per share computations.

21.1 Amount used as the Numerator :

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(Loss) attributable to Ordinary Shareholders for Basic Earnings per Share	18,035,560	494,518,425	41,369,421	244,875,886

21.2 Number of Ordinary Shares used as Denominator :

	Group		Company	
	2020	2019	2020	2019
Weighted Average Number of Ordinary Shares applicable to Basic Earnings/(Los	152,306,150	152,306,150	152,306,150	152,306,150

22. COMMITMENTS AND CONTINGENCIES

22.1 Capital Expenditure Commitments

The Company does not have significant capital expenditure commitments as at the Balance Sheet date.

22.2 Contingent Liabilities

The Company does not have contingent liabilities as at the Balance sheet date.

23. ASSETS PLEDGED

The following assets have been pledged as securities as at Reporting Date.

Bank	Nature	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Collateral
Commercial Bank	Overdraft	Meet Working Capital requirements	Rs. 20 Mn	AWPLR+3%		On demand	Lien over 100 mn fixed deposits, in the name of the company.
	IDL LC	Retire of import bills, payment of import duties	Rs. 85 Mn or USD equivalent	LKR-AWPLR+3% USD - LIBOR+5%	120 Days		
	Export LC	Purchase bills drawn under collection of D/P and D/A terms	Rs. 30 Mn	7%	90 Days		Supplementary Mortgage bond for Rs. 63 Mn over stock of raw material, WIP and finished goods held at Dankotuwa together with an assignment over book debts of the company.
	Guarantee	Bid Bond, Performance Bonds	Rs. 11 Mn	1%/2%			
National Development Bank	Overdraft IDL LC Export LC Non LC bills Guarantee	Meet Working Capital requirements	USD 200,000	5.5% 6.0% 0.25% 2%	60 Days	On demand	Primary Mortgage over freehold factory land at Dankotuwa for USD 350,000 pending security. Primary Mortgage Bond No 747 of 8/8/08 - Mortgage over stock and book debts for USD 2,730,000/-
	Term Loan	Reschedulement of overdue import loans	USD 1,980,000	7.7%		35 installments at USD 41,000 and final installment of USD 65,000	Deed of Renunciation No.588 dated 17/10/15 & Letter of comfort from TRF Ltd, India

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23. ASSETS PLEDGED (Cont'd...)

Bank	Nature	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Collateral
Sampath Bank	Overdraft	Meet Working Capital requirements	Rs. 10 Mn	1.5% + 3 month LIBOR		On demand	Hypothecation Bond for USD 1,750,000/- over stock in trade at Gonawala & Dankotuwa and book debts
	Term Loan	Settle overdraft, purchase raw	USD 622,854	1.5% + 3 month		47 installments of USD 8,850 and final installment of USD 9,050 9 installments of USD 6,850 and final installment of USD 7,834	
Bank of Ceylon	Overdraft		USD 150,000	6.50%			Primary Mortgage over factory property situated at Dankotuwa and machinery therein.
	Term Loan	Settle loan obtained from SCB	USD 445,000	5% + 3 month LIBOR		36 Months @ USD 12,263 p.m.	
	IDL	Purchase of raw material	USD 1 Mn	7%	120 Days		
	LC			0.15%			
	Export LC		USD 1 Mn				
	Guarantee		USD 1 Mn				

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits.

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and all other factors remain constant as at 31 March 2020.

The analyses exclude the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

-The statement of financial position sensitivity relates to derivatives and available-for-sale debt instruments

-The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at 31 March 2020 and 2019 including the effect of hedge accounting.

-The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at 31 March 2020 for the effects of the assumed changes of the underlying risk.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest rate sensitivity

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

	Increase/ decrease in basis points	Effect on profit before tax/ Interest Group	Company
2020	+10/-10	5,494,506	3,786,832
2019	+10/-10	4,899,288	3,642,378

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign Currency Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency denominated revenue, expenses, and other financial instruments. Since the Group has foreign purchases and foreign currency denominated funds, volatility in foreign currency exchange rates will have an impact to the Company.

Foreign exchange sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates on foreign currency denominated assets and liabilities. The significant foreign currency exposure of the Group is limited to USD and also minor exposure to INR/OR. With all other variables held constant, the Group's profit before tax is affected through the impact on USD and INR/OR denominated assets/liabilities as follows;

	Change in exchange rate	Change in Profit before tax Group	Company
2020	1%	2,066,799	2,066,799
2019	1%	3,236,530	2,066,799

As the Group's USD denominated liabilities exceeds the USD denominated assets the weekning of Sri Lankan Rupees (Rs) against USD will decrease the profits and the strengthening Sri Lankan Rupees (Rs) against the USD will have opposite effect.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an individual credit limits and are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and shipments to major customers are covered either by Advance Payments or by letters of credit. The Company's total debtors consist of foreign debtor balance of Rs. 283.68 Mn as at 31 March 2020 (2019 - Rs. 286.61 Mn). The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 06. The Group evaluates the concentration of risk with respect to trade receivables as low based on the terms with which we use to work such as Advance payment , Letter of Credit (LC) and Document against Payments (DP) and the long standing business relationship with the customer base, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Impact of COVID 19 on Credit Risk

Group does not expect any significant risks of the debtor defaults and no such credit risk identified upto reporting date as Group is very much coordinating with the customer and they are too bound by agreements. Also, there are no any estimated loss as a result of default as Group's assessment on such possible losses is insignificant and no such losses expected from major customers.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's Finance departments in accordance with the Group's policy and approved credit limits. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2020 and 2019 is the carrying amounts as illustrated in Note 7 and 10.

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

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

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

Year ended 31 March 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Group					
Interest-bearing loans and borrowings	190,862,554	308,082,583	27,237,267	37,262,924	563,445,328
Trade and other payables	-	273,753,128			
	190,862,554	581,835,711	27,237,267	37,262,924	563,445,328
Company					
Interest-bearing loans and borrowings	160,902,093	255,159,886	16,495,270	1,789,668	434,346,917
Trade and other payables	-	228,248,667	-	-	228,248,667
	160,902,093	483,408,553	16,495,270	1,789,668	662,595,584

Year ended 31 March 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Group					
Interest-bearing loans and borrowings	173,019,878	338,223,160	17,410,332	27,555,719	556,209,089
Trade and other payables	-	298,038,390	-	-	298,038,390
	173,019,878	636,261,550	17,410,332	27,555,719	854,247,479
Company					
Interest-bearing loans and borrowings	146,982,357	299,733,101	1,256,501	4,087,386	452,059,345
Trade and other payables	-	256,119,394	-	-	256,119,394
	146,982,357	555,852,495	1,256,501	4,087,386	708,178,739

Impact of COVID 19 on Liquidity Risk

Group do not experience any risk with financial and/or non-financial covenant in relation to impacts of COVID 19 and even though there are clauses in some customer or supply agreements which may get triggered during this disruption of COVID 19, within ethical business platform no cancellations done or impose penalties as of reporting date. But a trailer being a capital asset Group experience requesting extensions/postpones of the expected customer offers. There is no any credit downgrade or other factors that could negatively impact the group's ability to access adequate financing. Also, no credit downgrade has happened upto reporting date as the management is arranging the facilities with a prolong relationship with the banks. therefore, Group does not expect any major impacts on liquidity risk due to COVID 19 outbreak.

Capital management

Capital includes the equity attributable to the equity holders.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	2020	2019
	Rs.	Rs.
Interest-bearing loans and borrowings (Note 12)	563,445,328	556,209,089
Trade and other payables (Note 14)	273,753,128	298,038,388
Less: Cash and short-term deposits (Note 10)	(73,785,425)	(64,120,270)
Net debt	763,413,031	790,127,207
Equity	1,068,443,509	1,061,215,386
Total capital	1,068,443,509	1,061,215,386
Capital and net debt	1,831,856,540	1,851,342,593
Gearing ratio	42%	43%

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25. EVENT OCCURING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustment to or disclosure in the Financial Statements.

DUTCH LANKA TRAILER MANUFACTURERS LIMITED

DETAILED EXPENDITURE STATEMENTS
YEAR ENDED 31 MARCH 2020

Dutch Lanka Trailer Manufacturers Limited and it's Subsidiaries

DETAILED COST AND EXPENDITURE STATEMENTS

Year ended 31 March 2020

STATEMENT - I

Cost of Sales		**Group** 2020 Rs.	2019 Rs.	**Company** 2020 Rs.	2019 Rs.
Opening Stock		85,343,785	19,585,206	85,343,785	19,585,206
Purchases		741,328,208	1,035,009,245	626,229,197	827,512,890
Direct Labour	1.1	91,803,686	92,547,726	60,076,127	62,926,078
Direct Production Overheads	1.2	80,487,630	80,784,590	57,454,776	57,250,739
		998,963,309	1,227,926,767	829,103,885	967,274,913
Closing Stock		(105,724,485)	(85,343,785)	(105,724,485)	(85,343,785)
		893,238,824	**1,142,582,982**	**723,379,400**	**881,931,128**

1.1
Direct Labour

Factory Wages	58030533.48	54246102	39,843,802	38,309,475
Over Time - Factory Workers	12395818.53	18,167,751	7,482,788	12,283,732
EPF-12% Factory Wages	6,895,463	6,548,939	4,494,394	4,372,903
ETF 3% Factory Wages	1,723,864	1,634,521	1,123,599	1,093,926
Factory Bonus	6,851,755	6,457,113	4,328,546	4,042,157
Factory Workers Gratuity	1,991,613	1,699,471	1,168,069	1,072,418
Factory Workers Leave Encashment	828,772	837,001	557,870	529,795
Factory Exgratia -Workers/Staff/Executives	1,358,579	559,839	696,870	411,821
Casual Wages	1,727,289	2,396,989	380,189	809,851
	91,803,686	**92,547,726**	**60,076,127**	**62,926,078**

1.2
Direct Production Overheads

Factory Staff Salaries	5,198,059	4,569,425	3,180,713	2,750,528
Over Time - Factory Staff	838,144	1,133,256	599,046	665,720
EPF 12% Factory Staff	604,647	532,011	367,178	316,014
ETF 3% Factory Staff	151,161	132,409	91,794	79,179
Factory Staff Gratuity	259,492	334,101	187,906	188,000
Factory Staff Leave Encashment	125,576	50,830	53,884	12,020
Factory Executive Bonus	730,740	892,955	730,740	892,955
Factory Executive Salaries	3,370,541	2,981,109	3,370,541	2,981,109
Factory Executive 12% EPF	402,305	352,753	402,305	352,753
Factory Executive 3% ETF	100,576	88,188	100,576	88,188
Factory Executive Gratuity	376,670	342,245	376,670	342,245
Factory Executive Leave Encash	79,379	53,701	79,379	53,701
Electrical Charges	10,100,551	10,403,581	8,620,970	9,870,201
Maintenance Electrical System	305,899	374,898	305,899	374,898
Fork Lift Running Expenses	1,323,565	1,913,253	915,033	1,146,996
Fork Lift Repair and Maintenance	18,886	10,145	18,886	10,145
Machine Maintenance	5,146,509	5,762,316	4,734,076	5,190,257
Transport	188,040	197,647	172,040	78,647
Compressor Running Expenses	105,000	531,056	-	398,896
Generator Running Expenses	231,913	1,661,155	214,233	372,945
Factory Maintenance	4,985,585	4,382,598	3,419,018	3,268,662
Monthly Raw Material Overheads	4,715,205	5,278,992	4,715,205	5,278,992
Factory Welfare	4,501,297	5,887,298	2,751,907	3,776,785
Rent - Factory	1,785,476	8,430,139	-	-
House Rent	942,000	842,100	672,000	602,000
Depreciation - Factory	15,701,478	11,859,266	12,655,151	10,499,252
Building Maintenance	228,472	483,431	223,581	471,009
Depreciation - Lindel Lease assets	4,363,040	-	-	-
Fork Lift Hire Charges	25,019	-	25,019	-
Import Expenses	1,643,454	1,321,247	1,329,625	979,120
Security Charges	10,163,395	8,202,396	5,365,845	4,429,433
Staff Welfare	1,329,582	1,358,063	1,329,582	1,358,063
Product Patent Charges	780	-	780	-
Worker's Training	445,194	422,026	445,194	422,026
	80,487,630	**80,784,590**	**57,454,776**	**57,250,739**

DETAILED COST AND EXPENDITURE STATEMENTS

Year ended 31 March 2020

STATEMENT - II	Group		Company	
	2020	2019	2020	2019
SELLING AND DISTRIBUTION EXPENSES	Rs.	Rs.	Rs.	Rs.
Freight	169,363,347	155,444,196	169,363,347	155,444,196
Advertising	148,650	203,436	70,950	200,636
Commissions	11,183,890	9,049,900	10,675,347	10,001,913
Business Promotion	1,025,231	2,021,831	1,025,231	2,021,831
Provision for Bad and Doubtful Debts	417,646	(15,093,079)	187,451	(15,513,297)
Bad Debts Written-off	211,542	29,229,607	211,542	29,331,895
	182,350,306	**180,855,891**	**181,533,868**	**181,487,174**

STATEMENT - III	Group		Company	
	2020	2019	2020	2019
ADMINISTRATIVE EXPENSES	Rs.	Rs.	Rs.	Rs.
Salaries and Wages	70,757,129	62,498,196	59,311,204	52,816,512
EPF and ETF	10,170,779	8,706,730	8,473,212	7,281,340
Gratuity	4,342,488	3,719,220	3,999,462	3,359,094
Overtime, Bonus and Rewards	10,646,808	10,148,662	8,714,009	8,592,773
Travelling Expenses	41,276,555	40,281,437	34,006,492	32,583,198
Postage, Telephone and Telecommunication	3,804,573	3,750,618	3,315,066	3,273,497
Repairs and Maintenance	2,543,562	1,565,638	2,346,972	1,517,059
Stationery and Other Office Expenses	1,334,478	1,541,011	987,741	1,105,693
Rent	4,939,200	4,862,025	4,939,200	4,862,025
Depreciation	6,860,485	7,411,533	6,062,409	6,957,400
Provision for Impairment Losses on Fixed Assets, CWIP and Intangibles	5,225,078	2,441	-	-
Loss on investment	-	-	-	3,028,811
Training Courses	153,467	109,550	142,658	97,050
Rates and Taxes	37,300	11,000	37,300	11,000
Various Expenses	14,205,348	21,159,769	11,227,261	14,722,340
Professional Fees	5,136,412	6,802,391	3,479,567	4,343,160
Energy Cost and Water	421,420	460,002	193,829	210,236
Insurance Expenses	1,144,371	952,176	989,376	759,125
Director's Fee	1,154,679	1,164,930	1,154,679	1,164,930
Subscriptions	1,599,171	1,041,279	1,586,241	1,041,279
Donations	475,356	279,260	284,171	86,000
Exchange Loss	8,198,598	26,965,335	8,146,427	26,924,587
Bank Charges	14,918,988	16,389,164	14,432,437	15,480,048
Recruitment Expenses	4,050	34,305	-	-
	209,350,295	**219,856,672**	**173,829,713**	**190,217,157**

ERNST & YOUNG
Chartered Accountants
COLOMBO