DUTCH LANKA TRAILER MANUFACTURERS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2022

Building a better working world

Ernst & Young
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WRHDS/DG/AD

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 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2022, 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.

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

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

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Auditor's responsibilities for the audit of the financial statements

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

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

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

11 July 2022
Colombo

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

ASSETS	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Non-Current Assets					
Property, Plant and Equipment	3	213,513,340	225,392,730	148,718,841	155,520,061
Right of Use Assets	3	15,396,622	24,444,673	2,263,722	5,558,275
Refundable Deposit		3,203,787	2,628,657	-	-
Deferred Tax Assets	19.2	6,688,773	6,946,985	5,273,524	5,456,036
Investment in Subsidiaries	4.1	-	-	11,500,000	11,500,000
		238,802,522	259,413,045	167,756,087	178,034,372
Current Assets					
Inventories	5	1,108,886,972	462,967,804	977,582,631	357,440,599
Trade and Other Receivables	6	878,128,677	407,618,807	865,034,401	408,763,645
Prepayments		86,452,319	97,034,369	76,383,697	89,633,062
Other Current Financial Assets	7	1,128,539,834	227,139,625	1,054,047,736	155,784,840
Tax Receivables	8	7,295,653	17,238,309	4,803,642	14,001,933
Cash and Short-term Deposits	10	112,619,854	629,948,790	112,496,814	629,922,961
		3,321,923,309	1,841,947,704	3,090,348,921	1,655,547,040
Total Assets		3,560,725,831	2,101,360,749	3,258,105,008	1,833,581,412
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	11	312,228,618	312,228,618	312,228,618	312,228,618
Revaluation Reserve		18,708,474	18,708,474	18,708,474	18,708,474
Retained Earnings		629,515,373	643,894,304	662,407,650	613,603,633
Total equity		960,452,465	974,831,396	993,344,742	944,540,725
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12	22,199,853	45,765,494	605,954	7,346,866
Retirement Benefit Obligations	13	46,856,290	43,116,571	39,120,386	36,222,327
		69,056,143	88,882,065	39,726,340	43,569,193
Current Liabilities					
Interest Bearing Loans and Borrowings	12	1,418,154,774	602,524,162	1,293,752,120	509,192,268
Trade and Other Payables	14	1,106,669,038	424,165,693	924,888,395	325,321,785
Income Tax Payable	9	6,393,411	10,957,434	6,393,411	10,957,441
		2,531,217,223	1,037,647,289	2,225,033,926	845,471,494
Total Equity and Liabilities		3,560,725,831	2,101,360,749	3,258,105,008	1,833,581,412

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

....
Chief Financial Officer

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

P. P. Hatanss

....
Director

....
Director

The Accounting Policies and Notes on pages 08 to 36 form an integral part of these financial statements.

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Chartered Accountants
COLOMBO

11 July 2022
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue from Contracts with Customers	15	2,364,690,439	1,124,415,580	1,958,575,146	909,959,697
Cost of Sales		(1,860,496,457)	(808,874,054)	(1,437,734,248)	(595,837,466)
Gross Profit		504,193,981	315,541,526	520,840,898	314,122,231
Other Operating Income and Gains	16	22,839,325	38,902,751	21,374,875	38,535,518
Selling and Distribution Expenses		(265,071,837)	(107,393,040)	(263,950,787)	(107,223,627)
Administrative Expenses		(245,126,206)	(208,094,963)	(208,117,705)	(165,238,929)
Operating Profit		16,835,263	38,956,272	70,147,281	80,195,193
Finance Costs	17	(69,025,233)	(47,587,290)	(55,941,918)	(33,174,597)
Finance Income	17.1	45,714,455	24,493,055	42,138,436	18,851,440
Profit Before Tax	18	(6,475,515)	15,862,037	56,343,799	65,872,036
Profit / (Loss) on disposal of joint venture	4.2	-	(59,718,005)	-	409,755,357
Tax Expenses	19	(6,707,176)	(53,555,851)	(6,550,855)	(54,048,141)
Profit/ (Loss) for the Year		(13,182,691)	(97,411,820)	49,792,944	421,579,252
Attributable to:					
Equity-holders of the parent		(13,182,691)	(97,411,820)		
Non-Controlling Interests		-	-		
		(13,182,691)	(97,411,820)		

The Accounting Policies and Notes on pages 08 to 36 form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Profit / (Loss) for the Year		(13,182,691)	(97,411,820)	49,792,947	421,579,252
Other Comprehensive Income					
Other Comprehensive Income that will not to be reclassified to Profit or Loss in subsequent periods					
Acturial Gain/(loss) on retirement Benefits	13	(1,437,850)	1,119,348	(1,149,915)	957,096
Income Tax Effect		241,610	(179,424)	160,988	(133,993)
Other Comprehensive Income relating to Equity Accounted Investee			-	-	-
Revaluation of Property, Plant and Equipment		-	-	-	
Effect of translation of foreign currency			2,859,784	-	-
Other Comprehensive Income for the Year		(1,196,240)	3,799,708	(988,927)	823,103
Total comprehensive income for the year, net of tax		(14,378,931)	(93,612,112)	48,804,020	422,402,355

The Accounting Policies and Notes on pages 08 to 36 form an integral part of these financial statements.

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Dutch Lanka Trailer Manufacturers Limited and it's Subsidiaries

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

Group	Stated Capital Rs.	Other Reserve Rs.	Revaluation Reserve Rs.	Foreign Currency Translation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2020	312,228,618	(12,281,341)	18,708,474	53,366,777	696,420,981	1,068,443,509
Profit for the Year	-	-	-	-	(97,411,821)	(97,411,821)
Other Comprehensive Income	-	-		-	939,924	939,924
Effect of translation of foreign currency	-	-	-	2,859,784	-	2,859,784
	-	(12,281,341)	-	56,226,561	-	-
Transferred on Disposal of Joint Venture	-	12,281,341	-	(56,226,561)	43,945,220	-
Total Comprehensive Income	-	-	-	-	(52,526,677)	(93,612,113)
Balance as at 31 March 2021	312,228,618	-	18,708,474	-	643,894,304	974,831,396
Loss for the Year	-	-	-	-	(13,182,691)	(13,182,691)
Other Comprehensive Income	-	-	-	-	(1,196,240)	(1,196,240)
Total Comprehensive Income	-	-	-	-	(14,378,931)	(14,378,931)
Balance as at 31 March 2022	312,228,618	-	18,708,474	-	629,515,373	960,452,465

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2020	312,228,618	18,708,474	191,201,278	522,138,370
Profit for the Year	-	-	421,579,252	421,579,252
Other Comprehensive Income	-	-	823,103	823,103
Total Comprehensive Income	-	-	422,402,355	422,402,355
Balance as at 31 March 2021	312,228,618	18,708,474	613,603,633	944,540,725
Profit for the Year	-	-	49,792,944	49,792,944
Other Comprehensive Income	-	-	(988,927)	(988,927)
Total Comprehensive Income	-	-	48,804,017	48,804,017
Balance as at 31 March 2022	312,228,618	18,708,474	662,407,650	993,344,742

The Accounting Policies and Notes on pages 08 to 36 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Note	Group		Company	
		2022	2021	2022	2021
Cash Flows from/(used in) Operating Activities		Rs.	Rs.	Rs.	Rs.
Profit Before Tax		(6,475,515)	15,862,037	56,343,802	65,872,036
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property Plant and Equipments	3	18,132,285	19,715,522	11,284,472	18,402,883
Depreciation on Right of Use Assets	3.1.7	9,012,741	9,655,845	3,294,553	-
Provision for Impairment Losses on Fixed Assets, CWIP and Intangibles		-	56,000	-	-
Provision for Defined Benefit Obligations	13	3,266,869	7,713,650	2,410,995	6,331,486
Provision for Bad and Doubtful Debts	6	116,435	(1,818,180)	-	(1,831,223)
Provision for Inventories	5	2,514,355	4,474,852	2,737,173	1,931,780
Finance Income	17.1	(45,714,455)	(24,493,055)	(42,138,436)	(18,851,440)
Finance Costs	17	69,025,233	47,587,290	55,941,918	33,174,597
Dividend income		(2,380)	-	(2,380)	-
Foreign Currency Exchange Loss/(Gains)	16	49,349,114	(34,788,273)	46,589,597	(34,596,810)
Operating Profit before Working Capital Changes		99,224,683	43,965,688	136,461,693	70,433,309
Working capital adjustments:					
(Increase)/Decrease in Inventories		(648,433,522)	(85,289,723)	(622,879,205)	(68,437,057)
(Increase)/Decrease in Trade and Other Receivables		(470,626,305)	(102,947,112)	(456,270,756)	(107,291,801)
(Increase)/Decrease in Advances and Prepayments		10,582,050	(30,149,938)	13,249,366	(28,491,382)
Increase/(Decrease) in Trade and Other Payables		682,503,345	150,412,565	599,566,610	97,073,119
		(326,749,749)	(24,008,521)	(329,872,292)	(36,713,812)
Income Tax Paid		(828,722)	(44,230,619)	(1,573,094)	(44,230,619)
Interest Received	17.1	45,714,455	24,493,055	42,138,436	18,851,440
Defined Benefit Obligation Paid	13	(965,000)	(306,980)	(662,850)	(306,980)
Net Cash from Operating Activities		(282,829,016)	(44,053,066)	(289,969,799)	(62,399,971)
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	3	(6,217,585)	(8,050,596)	(4,483,251)	(6,997,776)
Investment in Fixed Deposits	7	(901,400,208)	(19,008,729)	(898,262,900)	(13,727,067)
Proceeds from Sale of Investments	4.2	-	621,775,456	-	621,775,456
Dividend Received		2,380	-	2,380	-
Net Cash from/(used in) Investing Activities		(907,615,413)	594,716,131	(902,743,772)	601,050,613
Cash Flows from/(used in) Financing Activities					
Repayment of Interest Bearing Loans and Borrowings	12	(1,428,356,601)	(496,532,473)	(1,287,099,806)	(386,763,288)
Receipts of Interest Bearing Loans and Borrowings	12	2,139,409,503	596,569,848	1,990,786,027	467,024,357
Lease Granted	12.1	-	382,892	-	382,892
Refundable Deposit		(575,130)	(471,885)	-	-
Principal Payment under Finance Lease Liabilities	12	(6,264,078)	(4,205,913)	(1,656,435)	-
Finance Cost Paid	17	(69,025,233)	(47,587,290)	(55,941,918)	(33,174,597)
Net Cash Flows used in Financing Activities		635,188,461	48,155,178	646,087,869	47,469,364
Net Increase/(Decrease) in Cash and Cash Equivalents		(555,255,968)	598,818,244	(546,625,702)	586,120,006
Effect of Exchange Rate changes on Cash and Cash Equivalent		(33,929,849)	34,788,273	(31,170,332)	34,596,810
Cash and Cash Equivalents at the beginning of the year		507,043,346	(126,563,171)	524,059,692	(96,657,124)
Cash and Cash Equivalents at the end of the year	10	(82,142,471)	507,043,346	(53,736,343)	524,059,692

The Accounting Policies and Notes on pages 08 to 36 form an integral part of these financial statements.

ERNST & YOUNG
Chartered Accountants
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1. CORPORATE INFORMATION

1.1 General

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

The financial statements for the year ended 31 March 2022, 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

The Subsidiary of the Group is 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 Authorization for Issue

The Financial Statements for the year ended 31 March 2022 were authorized for issue by the Board of Directors on 11 July 2022.

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2. SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

2.1.1 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.

2.1.2 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.

2.1.3 Going Concern

The Group has prepared the financial statements for the year ended 31 March 2022 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group Companies and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. The management has formed judgment that the Company & its subsidiary have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the TRF Group.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the COVID-19 pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant

2.1.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2022.

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.

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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

The following subsidiary has been incorporated in Sri Lanka.

Name of the Company	**Holding Percentage**	
	31.03.2022	**31.03.2021**
Dutch Lanka Engineering (Private) Limited	100%	100%

2.2 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) 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.

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2.3 Significant Accounting Policies

2.3.1 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.

2.3.2 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.

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.

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2.3.3 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.

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.

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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.

2.3.4 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.

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2.3.5 Leases

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

2.3.5.1 Company as a lessee

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

I) Right-of-use assets

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

- Land — 05 years
- Plant & Machinery — 04 Years
- Forklift — 04 Years
- Motor Vehicle — 04 Years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

II) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings (Note 12).

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III) Short-term leases and leases of low-value assets

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

2.3.6 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.

2.3.7 Financial instruments

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

2.3.7.1 Financial Assets

a) Initial recognition and measurement

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

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

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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.

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b) Subsequent Measurement

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

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

c) Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset.

d) Impairment

Group adopts 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.

2.3.8 Financial liabilities

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

2.3.8.2 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.

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2.3.8.3 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.

2.3.9 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

2.3.10 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.

2.3.11 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.

2.3.12 Cash and Cash Equivalents

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

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.

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2.3.13 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.

2.3.14 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.

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.

2.3.15 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.

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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.

2.3.16 Income Statement

Revenue from contract with Customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue:

Sale of Goods

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration.

2.3.17 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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Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16,if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 01 June 2020.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. IBOR reforms Phase 2 include number of reliefs and additional disclosures.

Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform. These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

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

The following new accounting standards, amendments 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 new accounting standards, amendments and interpretations, if applicable, when they become effective.

Amendments to SLFRS 3: Definition of a Business

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023.

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Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

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

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.

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3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

3.1.1 Gross Carrying Amounts

	Balance as at 01.04.2021	Additions	Disposal/ Write off	Balance as at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
At Valuation				
Land	65,740,600	-	-	65,740,600
At Cost				
Buildings	235,785,993	-	-	235,785,993
Plant and Machinery	98,066,237	3,571,733	-	101,637,970
Computer Equipments	23,525,874	1,888,000	-	25,413,874
Other Equipments	23,131,447	420,820	-	23,552,267
Furniture and Fittings	13,247,625	101,042	-	13,348,666
Electrical Installations	9,215,849	-	-	9,215,849
Motor Vehicles	5,070,817	-	-	5,070,817
Total Value of Depreciable Assets	473,784,442	5,981,595	-	479,766,037

3.1.2 In the Course of Construction

	Balance as at 01.04.2021	Incurred during the Year	Transfers	Balance as at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Capital Work in Progress	8,935,395	159,055	-	9,094,450
	8,935,395	159,055	-	9,094,450
	482,719,837	6,140,650	-	488,860,487

3.1.3 Depreciation

	Balance As at 01.04.2021	Charge for the year	Disposals/ Write-off	Balance As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Buildings	103,456,582	11,406,395	-	114,862,977
Plant and Machinery	91,480,497	2,875,534	-	94,356,032
Computer Equipments	22,417,037	772,539	-	23,189,577
Other Equipments	22,132,336	421,487	-	22,553,823
Furniture and Fittings	12,000,729	488,125	-	12,488,854
Electrical Installations	1,155,627	1,843,170	-	2,998,797
Motor Vehicles	4,684,297	212,790	-	4,897,087
Total Depreciation	257,327,107	18,020,040	-	275,347,146

3.1.4 Net Book Values

	2022	2021
	Rs.	Rs.
Land	65,740,600	65,740,600
Buildings	120,923,016	132,329,411
Plant and Machinery	7,281,939	6,585,740
Computer Equipments	2,224,297	1,108,837
Other Equipments	998,443	999,110
Furniture and Fittings	859,812	1,246,896
Electrical Installations	6,217,052	8,060,222
Motor Vehicles	173,730	386,520
	204,418,890	216,457,335
In the Course of Construction		
Capital Work in Progress	9,094,450	8,935,395
	9,094,450	8,935,395
Total Carrying Amount of Property, Plant and Equipment	**213,513,340**	**225,392,730**

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

3.1.5 Right of Use Assets

Cost	Balance as at 01.04.2021 Rs.	Leases obtained Rs.	Reversals / Adjustments Rs.	Balance as at 31.03.2022 Rs.
Lindel Lease Land	29,082,721		76,935.16	29,159,657
Motor Vehicles	12,566,345	-	-	12,566,345
Forklift	8,837,146	-	-	8,837,146
Plant and Machinery	820,000	-	-	820,000
	51,306,212	-	76,935	51,383,148

Depreciation	Balance As at 01.04.2021 Rs.	Charge for the year Rs.	Disposals/ Adjustment Rs.	Balance As at 31.03.2022 Rs.
Lindel Lease Land	10,196,324	5,830,433	-	16,026,757
Motor Vehicles	7,827,286	2,475,336	-	10,302,622
Forklift	8,017,930	706,972	112,245	8,837,146
Plant and Machinery	820,000	-	-	820,000
	26,861,540	9,012,741	112,245	35,986,525

Net Book Value	As at 31 March 2022 Rs.	As at 31 March 2021 Rs.
Lindel Lease Land	13,132,900	18,886,398
Motor Vehicles	2,263,723	4,739,059
Forklift	-	819,216
Plant and Machinery	-	-
	15,396,622	24,444,673

3.2.1 Gross Carrying Amounts

	Balance As at 01.04.2021 Rs.	Additions Rs.	Disposals/ Write off Rs.	Balance As at 31.03.2022 Rs.
Land	65,740,600		-	65,740,600
Buildings	173,870,555	-	-	173,870,555
Plant and Machinery	90,040,598	2,220,011	-	92,260,609
Computer Equipments	21,614,062	1,888,000	-	23,502,062
Other Equipments	16,758,035	274,199	-	17,032,234
Furniture and Fittings	10,447,653	101,042	-	10,548,695
Motor Vehicles	3,009,553	-	-	3,009,553
Total Value of Depreciable Assets	381,481,056	4,483,251	-	385,964,307

3.2.2 In the Course of Construction

	Balance as at 01.04.2021 Rs.	Incurred During the year Rs.	Transfers Rs.	Balance as at 31.03.2022 Rs.
Capital Work in Progress	8,380,423	-	-	8,380,423
	8,380,423	-	-	8,380,423
Total Gross Carrying Amount	389,861,479	4,483,251	-	394,344,730

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

3.2.3 Depreciation

	Balance As at 01.04.2021 Rs.	Charge for the year Rs.	Disposals/ Write off Rs.	Balance As at 31.03.2022 Rs.
Buildings	98,609,739	8,310,623	-	106,920,362
Plant and Machinery	85,625,253	2,059,980	-	87,685,232
Computer Equipments	20,756,768	562,291	-	21,319,059
Other Equipments	16,166,232	263,841	-	16,430,072
Furniture and Fittings	10,173,873	87,737	-	10,261,610
Motor Vehicles	3,009,553	-	-	3,009,553
Total Depreciation	234,341,418	11,284,472	-	245,625,889
Assets on Finance Lease				
Motor Vehicles				
Folklift				
	250,186,633	14,466,779	112,245	264,765,658

3.2.4 Net Book Values

	2022 Rs.	2021 Rs.
Land	65,740,600	65,740,600
Buildings	66,950,193	75,260,816
Plant and Machinery	4,575,377	4,415,345
Computer Equipments	2,183,003	857,294
Other Equipments	602,162	591,803
Furniture and Fittings	287,084	273,780
	140,338,418	147,139,638
In the Course of Construction		
Capital Work in Progress	8,380,423	8,380,423
	8,380,423	8,380,423
Total Carrying Amount of Property, Plant and Equipment	148,718,841	155,520,061

3.2.5 Right of Use Assets

Cost	Balance as at 01.04.2021 Rs.	Leases obtained Rs.	Reversals / Adjustments Rs.	Balance as at 31.03.2022 Rs.
Motor Vehicles	12,566,345		-	12,566,345
Forklift	8,837,146		-	8,837,146
	21,403,491	-	-	21,403,491

Depreciation	Balance as at 01.04.2021 Rs.	Charge for the year Rs.	Reversals / Adjustments Rs.	Balance as at 31.03.2022 Rs.
Motor Vehicles	7,827,286	2,475,336	-	10,302,622
Forklift	8,017,930	706,972	112,245	8,837,146
	15,845,216	3,182,308	112,245	19,139,769

Net Book Value	As at 31 March 2022 Rs.	As at 31 March 2021 Rs.
Motor Vehicles	2,263,723	4,739,059
Forklift	(0)	819,216
	2,263,722	5,558,275

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

3.3 Revaluation of land and buildings Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Company engaged independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. The most recent revaluation was carried out on 22nd June 2020.

3.4 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 141,661,651/- (2021 - Rs. 138,113,384/-).

3.5 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 4,483,251/- (Including CWP) (2021 - Rs.6,997,766/-). Acquisitions through Cash payments amounting to Rs. 4,483,251/- (2021 - Rs. 6,997,766/-).

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

	2022	2021
Buildings	20 Years	20 Years
Plant and Machinery	04 Years	04 Years
Computer Equipments	04 Years	04 Years
Other Equipments	04 Years	04 Years
Furniture and Fittings	05 Years	05 Years
Motor Vehicles	04 Years	04 Years

4. INVESTMENTS IN SUBSIDIARIES

	Group Holding		Company Fair Value	Fair Value
Non-Quoted	**2022**	**2021**	**2022**	**2021**
	%	**%**	**Rs.**	**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 was a joint venture in which the Group had joint control and an ownership interest of 50%. It was structured as a separate strategic vehicle and the Group had 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. By 30 December 2020, Company disposed the investment made in Tata International DLT (Private) Limited.

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. A Summary of the disposal profit is also presented below.

4.2.2 Disposal gain/loss on the disposal of Joint Venture

	2022 Rs.	2021 Rs.
Carrying Value of Investment at begning of the year		678,633,679
Translation adjustments upto date of disposal		2,859,784
		-
		681,493,463
Considaration Reveiced		621,775,456
Net Loss on disposal of joint venture		(59,718,007)

5. INVENTORIES

	Group 2022	Group 2021	Company 2022	Company 2021
	Rs.	Rs.	Rs.	Rs.
Raw Materials	957,949,783	270,916,697	855,694,211	183,926,563
Work in Progress	69,464,162	124,271,794	57,662,213	110,723,443
Finished Goods	12,909	-	-	-
Goods in Transit	127,170,677	110,975,516	98,866,903	94,694,116
	1,154,597,530	506,164,007	1,012,223,327	389,344,122
Provision for Obsolete Inventories	(45,710,558)	(43,196,203)	(34,640,696)	(31,903,523)
	1,108,886,972	462,967,804	977,582,631	357,440,599

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6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade Receivables - Related Parties (Note 6.1)	-	-	29,788,518	28,848,762
- Others	841,462,153	389,069,126	815,091,563	374,730,989
Less: Provision for Bad and Doubtful Debts	(143,283)	(26,848)	-	-
	841,318,870	389,042,278	844,880,081	403,579,751
VAT Recoverable	34,124,095	16,829,317	17,468,608	3,436,682
Other Receivables	2,685,712	1,747,212	2,685,712	1,747,212
	878,128,677	407,618,807	865,034,401	408,763,645

6.1 Trade Receivables - Related Parties

	Relationship	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Dutch Lanka Engineering (Pvt) Ltd	Subsidiary	-	-	29,788,518	28,848,762
		-	-	29,788,518	28,848,762

7. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Investments in Quoted shares	57,120	57,120	57,120	57,120
Investments in Fixed Deposits	1,053,210,225	175,164,952	978,718,127	103,895,498
Interest Income Receivable	75,272,489	51,917,553	75,272,489	51,832,222
	1,128,539,834	227,139,625	1,054,047,736	155,784,840

8. TAX RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
ESC Recovarable	2,034,154	11,976,810	2,034,154	11,232,445
Income Tax Receivable	2,160,261	2,160,261	-	-
Withholding Tax	3,101,238	3,101,238	2,769,488	2,769,488
	7,295,653	17,238,309	4,803,642	14,001,933

9. TAX PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Income Tax Payable	6,393,411	10,957,434	6,393,411	10,957,441
	6,393,411	10,957,434	6,393,411	10,957,441

10. CASH AND CASH EQUIVALENTS

	Group		Company	
Components of Cash and Cash Equivalents	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Favourable Cash and Cash Equivalent Balances				
Cash at Bank	20,272,064	4,588,578	20,272,064	4,588,578
Cash in Hand	347,790	112,540	224,750	86,711
Short Term Fixed Deposits	92,000,000	625,247,672	92,000,000	625,247,672
Total Favourable Cash and Cash Equivalent Balances	112,619,854	629,948,790	112,496,814	629,922,961
Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(194,762,325)	(122,905,444)	(166,233,157)	(105,863,269)
	(194,762,325)	(122,905,444)	(166,233,157)	(105,863,269)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(82,142,471)	507,043,346	(53,736,343)	524,059,692

11. STATED CAPITAL

	Group		Company	
	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

12. INTEREST BEARING LOANS AND BORROWINGS

	Group					Company				
	Finance Leases (Note 12.1)	Bank Loans (Note 12.3)	Bank Overdraft (Note 10)	Inter company Loan (Note 12.5)	Total	Finance Leases (Note 12.2)	Bank Loans (Note 12.4)	Bank Overdraft (Note 10)	Inter company Loan (Note 12.5)	Total
As at 31 March 2022	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Amount repayable within 1 year	7,654,496	1,170,887,953	194,762,325	44,850,000	1,418,154,774	1,793,258	1,080,875,705	166,233,157	44,850,000	1,293,752,120
Amount repayable after 1 year	10,631,949	11,567,904	-	-	22,199,853	605,954	-	-	-	605,954
	18,286,444	1,182,455,857	194,762,325	44,850,000	1,440,354,626	2,399,211	1,080,875,705	166,233,157	44,850,000	1,294,358,074
As at 31 March 2021										
Amount repayable within 1 year	6,428,595	413,478,813	122,905,444	59,711,310	602,524,162	1,708,780	341,908,909	105,863,269	59,711,310	509,192,268
Amount repayable after 1 year	18,121,927	27,643,567	-	-	45,765,494	2,346,866	5,000,000	-	-	7,346,866
	24,550,522	441,122,380	122,905,444	59,711,310	648,289,656	4,055,646	346,908,909	105,863,269	59,711,310	516,539,134

12.1 Lease Obligations relating to right of use assets-Group

	As at 01.04.2021	Lease Adjustment	Repayments	As at 31.03.2022	Current As at 31.03.2022	Non Current As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Liability	25,065,592	-	(6,422,487)	18,643,105	7,928,142	10,714,963
Finance Charges allocated to Future Periods	(515,069)	-	158,408	(356,661)	(273,646)	(83,014)
Net Liability	24,550,523	-	(6,264,078)	18,286,445	7,654,496	10,631,949

12.2 Lease Obligations relating to right of use assets-Company

	As at 01.04.2021	Lease Adjustment	Repayments	As at 31.03.2022	Current As at 31.03.2022	Non Current As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Hatton National Bank PLC	4,570,715		(1,814,843)	2,755,872	2,066,904	688,968
Gross Liability	4,570,715	-	(1,814,843)	2,755,872	2,066,904	688,968
Finance Charges allocated to Future Periods	(515,069)		158,408	(356,661)	(273,646)	(83,014)
Net Liability	4,055,646	-	(1,656,435)	2,399,211	1,793,258	605,954

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

12.3 Bank Loans - Group

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2022 Rs.	Current As at 31.03.2022 Rs.	Non Current As at 31.03.2022 Rs.
Term Loan	70,037,890	-	(28,035,206)	42,002,684	30,434,780	11,567,904
Import Loan	371,084,490	2,139,409,503	(1,370,040,820)	1,140,453,173	1,140,453,173	-
	441,122,380	2,139,409,503	(1,398,076,026)	1,182,455,857	1,170,887,953	11,567,904

12.4 Bank Loans - Company

Term Loans	As at 01.04.2021 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2022 Rs.	Current As at 31.03.2022 Rs.	Non Current As at 31.03.2022 Rs.
National Development Bank PLC	25,000,000	-	(20,000,000)	5,000,000	5,000,000	-
	25,000,000	-	(20,000,000)	5,000,000	5,000,000	-
Import Loans						
Commercial Bank of Ceylon PLC	13,022,042	136,854,775	(93,205,254)	56,671,563	56,671,563	-
National Development Bank PLC	299,723,297	1,552,763,972	(870,898,586)	981,588,683	981,588,683	-
Bank of Ceylon	9,163,570	278,319,119	(249,867,231)	37,615,459	37,615,459	-
Hatton National Bank	-	22,848,160	(22,848,160)	-	-	
	321,908,909	1,990,786,027	(1,236,819,231)	1,075,875,705	1,075,875,705	-
	346,908,909	1,990,786,027	(1,256,819,231)	1,080,875,705	1,080,875,705	-

12.5 Related Party Loans

	As At 01.04.2021 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange Rate Changes Rs.	As At 31.03.2022 Rs.
TRF Singapore Ltd	59,711,310	-	(30,280,575)	15,419,265	44,850,000
	59,711,310	-	(30,280,575)	15,419,265	44,850,000

13. DEFINED BENEFIT OBLIGATIONS

Defined Benefit Plan - Gratuity	Group March 2021 Rs.	Group March 2021 Rs.	Company March 2022 Rs.	Company March 2021 Rs.
At the beginning of the year	43,116,571	36,829,249	36,222,327	31,154,917
Interest Cost	3,449,326	3,682,925	2,897,786	3,115,492
Current Service Cost	4,089,212	4,030,725	3,251,130	3,215,994
Past service Cost	(4,271,669)		(3,737,921)	
Acturial (Gain)/Loss	1,437,850	(1,119,348)	1,149,915	(957,096)
Paid for the year	(965,000)	(306,980)	(662,850)	(306,980)
At the end of the year	46,856,290	43,116,571	39,120,386	36,222,327

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

Cost of Sales	6,292,055	2,549,810	1,387,352	1,540,318
Admistration Expenses	1,246,483	5,163,839	1,023,642	4,791,168
	7,538,538	7,713,650	2,410,994	6,331,486
Other Comprehensive Income	1,437,850	(1,119,348)	1,149,915	(957,096)

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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 2022. Appropriate compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	March 2022	March 2021
Discount Rate	13.00%	8.00%
Salary Increase Rate	10.00%	6.00%
Staff Turnover Rate	10%	15%
Retirement Age	60 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	(3,366,295)	3,821,908	(2,748,111)	3,106,264
Further salary increase	4,084,897	(3,643,632)	3,321,358	(2,976,147)

14. TRADE AND OTHER PAYABLES

	Group		Company	
	March 2022	March 2021	March 2022	March 2021
	Rs.	Rs.	Rs.	Rs.
Trade Payables - Related Parties (Note - 14.1)	43,168,252	41,404,811	43,168,252	41,404,811
- Others	918,377,858	269,858,350	788,055,434	202,295,410
	961,546,110	311,263,161	831,223,686	243,700,221
Other Payables	145,122,928	112,902,533	93,664,709	81,621,564
	1,106,669,038	424,165,693	924,888,395	325,321,785

14.1 Trade Payables - Related Parties

	Relationship	Group		Company	
		March 2022	March 2021	March 2022	March 2021
		Rs.	Rs.	Rs.	Rs.
TRF Limited - India	Parent	43,168,252	41,404,811	43,168,252	41,404,811
		43,168,252	41,404,811	43,168,252	41,404,811

15. REVENUE

	Group		Company	
	March 2022	March 2021	March 2022	March 2021
	Rs.	Rs.	Rs.	Rs.
Sale of Goods - Local	580,887,726	199,296,396	258,375,655	49,821,747
- Export	1,483,909,973	736,887,037	1,483,909,973	736,887,037
Spare Parts Sales - Export	216,289,518	123,250,913	216,289,518	123,250,913
Spare Parts Sales - Local	11,737,838	17,491,085		
General Fabrication Income	2,758,500	21,095,348	-	-
Repaire Income	69,106,884	26,394,798	-	-
	2,364,690,439	1,124,415,580	1,958,575,146	909,959,697

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16. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Sundry Income	22,836,945	4,114,478	21,372,495	3,938,708
Dividend Income	2,380	-	2,380	-
Exchange Gain	-	34,788,273		34,596,810
	22,839,325	38,902,751	21,374,875	38,535,518

17. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Overdrafts	15,515,202	12,931,231	12,997,720	10,381,847
Interest Expense on Loans and Borrowings	50,762,357	30,419,766	42,967,532	21,958,656
Interest Expenses on Finance Leases	(23,334)	838,080	(23,334)	834,094
Interest Expense on Lease - Lindel	2,771,008	3,398,213	-	-
	69,025,233	47,587,290	55,941,918	33,174,597

17.1 Finance Income

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Interest Income	45,275,749	24,133,103	42,138,436	18,851,440
Interest Income on Refundable Depsoit-Lindel	438,706	359,952	-	-
	45,714,455	24,493,055	42,138,436	18,851,440

18. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Stated after Charging/(Crediting)	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Employees Benefits including the following	119,157,033	91,641,669	77,616,921	58,471,102
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	2,020,385	2,549,811	1,387,352	1,540,318
- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	12,442,095	10,073,529	8,323,957	6,562,542
Depreciation	18,117,968	16,678,107	12,409,007	12,529,310
Included in General and Administration Expenses				
Employees Benefits including the following	100,417,156	96,644,868	84,272,535	80,960,373
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	1,246,483	5,163,839	1,023,642	4,791,168
- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	11,345,715	10,035,275	9,454,973	8,323,478
Depreciation	3,196,625	6,859,977	2,170,017	5,873,574
Professional Fees	4,663,815	3,737,100	3,367,027	2,385,978
Director's Fee	900,901	1,183,844	900,901	1,183,844
Donation	314,065	65,000	177,500	55,000
Exchange Loss/(Gain)	49,349,114	(34,788,273)	46,589,597	(34,596,810)
Included in Selling and Distribution Costs				
Provision for Bad and Doubtful Debts	116,436	(364,179)	-	(377,223)
Bad Debts	-	1	-	-
Advertising	219,200	135,124	219,200	123,204

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19. INCOME TAX

	Group		Company	
	2022	2021	2022	2021
Current Income Tax	Rs.	Rs.	Rs.	Rs.
Current Income Tax Charge (Note 19.1)	6,207,355	10,957,441	6,207,355	10,957,441
Tax on sale of Disposal of Joint Venture	-	44,230,619	-	44,230,619
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) on Acturial Loss	241,610	(179,424)	(160,988)	133,993
Deferred Taxation Reversal (Note 19.2)	343,500	(669,419)	343,500	(627,166)
Deferred Taxation Reversal on reassetment	75,699	(917,359)	-	(512,753)
Income tax expense	6,868,164	53,421,858	6,389,867	54,182,134
DLT Acturial Gain / Loss	160,988	133,993	160,988	(133,993)
Income tax expense reported in the Income Statement	**6,707,176**	**53,555,851**	**6,550,855**	**54,048,141**

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	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Income Tax	(6,475,498)	15,862,036	56,343,802	65,872,036
Allowed Items	(33,875,336)	(34,279,005)	(19,426,967)	(19,909,179)
Disallowed Items	47,364,237	65,740,331	28,976,407	47,070,078
Other Source of Income	(45,716,835)	(13,209,825)	(42,140,816)	(18,851,440)
	(38,703,433)	34,113,536	23,752,426	74,181,495
Group				
Taxable Loss from Business	-	-	-	-
Taxable Profit from Business	(38,703,433)	34,113,536	23,752,426	74,181,495
Other Sources of Income	45,716,835	13,209,825	13,592,509	13,730,616
Interest Income - FCBU	-	5,120,824		5,120,824
Tax Losses Utilised during the year	-	(14,765,502)	-	(14,765,502)
Profit / (Loss) for the year	7,013,403	37,678,683	37,344,935	78,267,433
Income Tax @ 14% , 18% & 24%	6,207,355	10,957,441	6,207,355	10,957,441
Current Income Tax Charge	6,207,355	10,957,441	6,207,355	10,957,441
Tax Losses Utilized				
Tax Losses Brought Forward	42,065,139	35,138,349	(14,765,502)	12,734,052
Tax Losses incurred during the year	62,455,859	40,067,959	-	-
Tax Losses Utilised during the year	(3,576,019)	(20,407,117)	-	(14,765,502)
Adjustments on Finalization of Liability	15,247,531	(12,734,052)	14,765,502	(12,734,052)
Tax Losses Carried Forward	116,192,509	42,065,139	-	(14,765,502)

19.2 Deferred Taxation - Group

	2022	2021
	Rs.	Rs.
Balance as at 01 April	6,946,985	5,494,200
Provision for the year	(258,211)	897,779
Re-estimation of Assets	-	555,006
Exchange Difference	-	-
Balance as at 31 March	6,688,773	6,946,985

	Balance Sheet		Statement of Comprehensive Income	
Company	2022	2021	2022	2021
Deferred Tax Assets	Rs.	Rs.	Rs.	Rs.
Capital Allowances for Tax purpose	(6,071,445)	(4,804,837)	(1,266,608)	(501,092)
Retirement Benefit Obligation	5,476,854	5,071,126	405,728	709,438
Warranty Provision	1,018,418	723,254	295,164	270,749
Inventory Provision	4,849,697	4,466,493	383,204	270,449
Provision for Doubtful Debtors	-	-	-	(256,371)
			(182,512)	493,173
Deferred Tax opening rate change effect				
Re-estimation of Fixed Assets	-	-	-	512,753
Deferred Taxation Charge			(182,512)	1,005,926
Net Deferred Asset	5,273,524	5,456,036		

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.

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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 March 2022 Rs.	Parent March 2021 Rs.	Subsidiaries March 2022 Rs.	Subsidiaries March 2021 Rs.	Total March 2022 Rs.	Total March 2021 Rs.
As at 1st April	40,966,930	36,287,457	(28,848,758)	(12,017,579)	12,118,172	24,269,878
Sale of Goods	-	-	(1,965,869)	9,953,666	(1,965,869)	9,953,666
Purchase of Goods	-	-	5,275,660	(4,508,485)	5,275,660	(4,508,485)
Providing of Services	-	-		3,967,304	-	3,967,304
Receipt of Services	-	-	177,742	(15,188)	177,742	(15,188)
Funds Received	-	-	-	-	-	-
Repayment Net	(16,178,170)	4,500,000	61,296,349	28,171,277	45,118,179	32,671,277
Expenses incurred on behalf of the subsidiary	-	-	(65,767,642)	(54,399,753)	(65,767,642)	(54,399,753)
Expenses incurred on behalf of the Company	-	-	44,000	-	44,000	-
Exchange Gain/Loss	18,379,493	179,473	-	-	18,379,493	179,473
As at 31 March	43,168,252	40,966,930	(29,788,518)	(28,848,758)	13,379,734	12,118,172
Included in						
Trade and Other payables/(receivables)	43,168,252	40,966,930	(29,788,518)	(28,848,758)	13,379,734	12,118,172
	43,168,252	40,966,930	(29,788,518)	(28,848,758)	13,379,734	12,118,172

* Parent: TRF Ltd - India, Subsidiaries: Dutch Lanka Engineering (Private) 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

	March 2022 Rs.	March 2021 Rs.
Short-term Employee Benefits	12,785,271	11,116,287

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.

	Group		Company	
	March 2022	March 2021	March 2022	March 2021
	Rs.	Rs.	Rs.	Rs.
21.1 Amount used as the Numerator :				
Profit/(Loss) attributable to Ordinary Shareholders for Basic Earnings per Share	(13,182,691)	(97,411,820)	49,792,947	421,579,252
21.2 Number of Ordinary Shares used as Denominator :				
Weighted Average Number of Ordinary Shares applicable to Basic Earnings/(Loss) per Share	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 is entitled to the Deferred VAT scheme under the Board of Investment (BOI), being a BOI registered company under agreement no 2650 (A). The administrative process in relation to the said facility requires the submission of returns and coordination with the Sri Lanka Customs, Department of Inland Revenue and the BOI. During the year, the Company was made aware of uncleared records maintained at the Sri Lanka Customs relating to past imports of the Company indicating a VAT exposure amounting to Rs. 464 Mn. In this regard, the Company has obtained a listing of credit vouchers amounting to Rs. 301Mn maintained with the Department of Inland Revenue which are to be set off with the aforementioned records maintained by Sri Lanka Customs and is in the process of re-submitting documentary evidence to the Department of Inland Revenue to reconcile records maintained and clear the mentioned records. No assessment has been raised by any regulatory authority against the Company in relation to the same.

Whilst the administrative process involved in clearing the records maintained is taking considerable time owing to delays caused by restrictions/lockdowns owing to the Covid 19 pandemic, management is confident that the process concerned will not result in a liability materializing to the Company. No liability has been recorded in the financial statements in relation to the said matter.

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. 30 Mn	Upto 10.7%		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. 70 Mn or USD equivalent	LKR-Deposit rate +1% - LIBOR+5%	120 Days		
	Export LC	Purchase bills drawn under collection of D/P and D/A terms	Rs. 15 Mn	0.07	90 Days		Suplimentory 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	Meet Working Capital requirements	USD 200,000	0.055		On demand	Primary Mortgage over freehold
	IDL			0.06			
	LC			0.0025	60 Days		Primary Mortgage Bond No 747 of 8/8/08 - Mortgage over stock and book debts for USD 6,111,421/-
	Export LC						
	Non LC Bills						
	Guarantee			0.02			
			USD 1,980,000	0.077			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
Bank of Ceylon	Overdraft		USD 150,000	6.50%			Primary Mortgage over factory property situated at Dankotuwa and machinery therein.
	Term Loan					36 Months @ USD 12,263 p.m.	
	IDL	Purchase of raw material	USD 1 Mn	7%	120 Days		
	LC			0.15%			
	Export LC						
	Guarantee						

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 2022 and 2021.

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 2022.

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 2022 and 2021 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 2022 for the effects of the assumed changes of the underlying risk.

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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/ Intere	
		Group	Company
2022	+10/-10	6,902,523	5,594,192
2021	+10/-10	4,758,729	3,317,460

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.

Foeign 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
2022	1%	938,435	(479,773)
2021	1%	(4,221,469)	(4,221,469)

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. 772.18 Mn as at 31 March 2022 (2021 - Rs. 357.26 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.

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 2022 and 2021 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 2022	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	239,612,325	1,056,598,008	121,944,439	22,199,853	1,440,354,626
Trade and other payables	-	1,106,669,038	-	-	1,106,669,038
	239,612,325	2,163,267,047	121,944,439	22,199,853	2,547,023,664
Company					
Interest-bearing loans and borrowings	211,083,157	994,426,862	88,242,100	605,954	1,294,358,073
Trade and other payables	-	924,888,395	-	-	924,888,395
	211,083,157	1,919,315,257	88,242,100	605,954	2,219,246,468

Year ended 31 March 2021	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	182,616,754	290,115,454	39,787,816	58,249,900	570,769,924
Trade and other payables	-	424,165,693	-	-	424,165,693
	182,616,754	714,281,147	39,787,816	58,249,900	994,935,617
Company					
Interest-bearing loans and borrowings	165,574,579	255,159,886	16,495,270	1,789,668	439,019,403
Trade and other payables	-	325,321,785	-	-	325,321,785
	165,574,579	580,481,671	16,495,270	1,789,668	764,341,188

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 2022 and 31 March 2021.

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.

	March 2022	March 2021
	Rs.	Rs.
Interest-bearing loans and borrowings (Note 12)	1,440,354,626	648,289,656
Trade and other payables (Note 14)	1,106,669,038	424,165,693
Less: Cash and short-term deposits (Note 10)	(1,241,159,688)	(629,948,790)
Net debt	1,305,863,977	442,506,559
Equity	960,452,465	974,831,396
Total capital	960,452,465	974,831,396
Capital and net debt	2,266,316,441	1,417,337,954
Gearing ratio	58%	31%

25. EVENT OCCURRING AFTER THE REPORTING DATE

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

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DUTCH LANKA TRAILER MANUFACTURERS LIMITED

DETAILED EXPENDITURE STATEMENTS
YEAR ENDED 31 MARCH 2022

Dutch Lanka Trailer Manufacturers Limited and it's Subsidiaries

DETAILED COST AND EXPENDITURE STATEMENTS

Year ended 31 March 2022

STATEMENT - I

Cost of Sales		**Group** March 2022 Rs.	**Group** March 2021 Rs.	**Company** March 2022 Rs.	**Company** March 2021 Rs.
Opening Stock		110,723,443	105,724,485	110,723,443	105,724,485
Purchases		1,583,900,981	643,119,162	1,233,986,820	487,722,296
Direct Labour	1.1	119,157,033	91,641,669	77,616,921	58,471,102
Direct Production Overheads	1.2	104,377,213	79,112,181	73,069,277	54,643,026
		1,918,158,670	919,597,497	1,495,396,461	706,560,909
Closing Stock		(57,662,213)	(110,723,443)	(57,662,213)	(110,723,443)
		1,860,496,457	**808,874,054**	**1,437,734,248**	**595,837,466**

1.1

Direct Labour

Factory Wages	73,569,152	60,091,556	48,794,970	39,166,641
Over Time - Factory Workers	20,793,774	9,012,793	13,218,092	5,398,815
EPF-12% Factory Wages	8,668,467	7,059,186	5,648,787	4,490,330
ETF 3% Factory Wages	2,166,829	1,764,363	1,412,196	1,122,582
Factory Bonus	8,722,057	8,249,516	5,984,867	5,502,722
Factory Workers Gratuity	1,687,010	1,967,349	1,128,816	1,038,411
Factory Workers Leave Encashment	1,102,935	1,424,446	668,331	933,987
Factory Exgratia -Workers/Staff/Executives	780,182	902,686	390,057	622,931
Casual Wages	1,666,628	1,169,773	370,805	194,683
	119,157,033	**91,641,669**	**77,616,921**	**58,471,102**

1.2

Direct Production Overheads

Factory Staff Salaries	8,002,649	5,693,558	5,616,443	3,676,311
Over Time - Factory Staff	1,630,474	721,241	1,140,879	496,979
EPF 12% Factory Staff	931,607	668,231	656,776	428,299
ETF 3% Factory Staff	233,189	167,494	164,194	107,075
Factory Staff Gratuity	206,250	247,602	131,411	167,048
Factory Staff Leave Encashment	178,390	291,880	100,923	234,410
Factory Executive Bonus	450,700	585,172	450,700	585,172
Factory Executive Salaries	2,917,241	2,769,208	2,917,241	2,769,208
Factory Executive 12% EPF	353,603	331,405	353,603	331,405
Factory Executive 3% ETF	88,401	82,851	88,401	82,851
Factory Executive Gratuity	127,125	334,859	127,125	334,859
Factory Executive Leave Encash	30,105	107,562	30,105	107,562
Electrical Charges	12,751,847	9,206,476	9,888,167	6,856,718
Maintenance Electrical System	492,229	256,578	492,229	256,578
Fork Lift Running Expenses	2,046,131	980,467	1,235,887	601,387
Fork Lift Repair and Maintenance	30,260	22,630	30,260	22,630
Machine Maintenance	7,324,383	4,585,376	6,017,468	3,891,719
Cost of Sundry Sales	1,707,390		1,971,120	
Transport	87,660	103,365	49,960	87,365
Compressor Running Expenses	2,347,275	477,114	1,696,650	50,000
Generator Running Expenses	1,423,176	165,936	808,382	119,732
Factory Maintenance	4,605,195	5,166,934	3,173,042	3,988,548
Monthly Raw Material Overheads	7,382,768	3,930,000	7,382,768	3,930,000
Factory Welfare	9,615,438	5,863,719	6,287,486	3,727,160
House Rent	1,141,800	1,036,720	692,800	672,000
Vehicle Rental	-	130,000	-	130,000
Depreciation - Factory	18,117,968	16,678,107	12,409,007	12,529,310
Building Maintenance	89,756	186,893	83,656	113,163
Depreciation - Lindel Lease assets	5,830,433	5,833,284	-	-
Fork Lift Hire Charges	44,080	-	44,080	-
Import Expenses	2,635,321	1,433,162	1,865,546	1,105,200
Cleaning and sanitary Factory	-	135,862	-	135,862
Security Charges	9,661,200	10,478,258	5,269,800	5,316,658
Staff Welfare	1,825,602	1,555,488	1,825,602	1,555,488
Product Patent Charges	-	8,050	-	8,050
Worker's Training	67,566	224,279	67,566	224,279
	104,377,213	**80,459,759**	**73,069,277**	**54,643,026**

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Dutch Lanka Trailer Manufacturers Limited and it's Subsidiaries

DETAILED COST AND EXPENDITURE STATEMENTS

Year ended 31 March 2022

STATEMENT - II

SELLING AND DISTRIBUTION EXPENSES	Group		Company	
	March 2022 Rs.	March 2021 Rs.	March 2022 Rs.	March 2021 Rs.
Freight	241,188,043	103,126,302	241,188,043	103,126,302
Advertising	219,200	135,124	219,200	123,204
Commissions	22,308,690	4,481,178	21,304,076	4,336,729
Business Promotion	1,239,468	14,615	1,239,468	14,615
Provision for Bad and Doubtful Debts	116,436	(364,179)	-	(377,223)
LD charges	-	-	-	-
Bad Debts Written-off	-	1	-	-
	265,071,837	**107,393,040**	**263,950,787**	**107,223,627**

STATEMENT - III

ADMINISTRATIVE EXPENSES	Group		Company	
	March 2022 Rs.	March 2021 Rs.	March 2022 Rs.	March 2021 Rs.
Salaries and Wages	76,920,441	70,052,301	64,229,585	58,585,984
EPF and ETF	11,345,715	10,035,275	9,454,973	8,323,478
Gratuity	1,246,483	5,163,839	1,023,642	4,791,168
Overtime, Bonus and Rewards	10,904,517	11,393,453	9,564,335	9,259,743
Travelling Expenses	39,720,433	35,748,136	31,707,570	28,955,121
Postage, Telephone and Telecommunication	3,281,425	3,281,395	2,803,137	2,848,992
Repairs and Maintenance	1,828,944	1,239,251	1,311,463	1,059,951
Stationery and Other Office Expenses	1,454,165	1,073,172	895,323	682,194
Rent	5,064,610	5,097,263	5,064,610	5,097,263
Depreciation	3,196,625	6,859,977	2,170,017	5,873,574
Provision for Impairment Losses on Fixed Assets, CWIP and Intangibles	-	56,000	-	-
Training Courses	169,200	18,000	105,200	-
Rates and Taxes	500	9,100	500	9,100
Various Expenses	11,661,758	42,448,458	9,011,678	26,733,677
Professional Fees	4,663,815	3,737,100	3,367,027	2,385,978
Energy Cost and Water	475,923	348,596	187,122	138,429
Insurance Expenses	1,076,749	1,084,359	826,417	944,151
Director's Fee	900,901	1,183,844	900,901	1,183,844
Subscriptions	1,143,409	1,257,007	1,084,650	1,232,612
Donations	314,065	65,000	177,500	55,000
Exchange Loss	49,349,114	-	46,589,597	-
Bank Charges	20,390,765	7,940,611	17,642,458	7,078,670
Recruitment Expenses	16,650	2,825	-	-
	245,126,206	**208,094,963**	**208,117,705**	**165,238,929**

ERNST & YOUNG
Chartered Accountants
COLOMBO