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FINANCIAL REPORTS

Independent Auditor's Report

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TO THE SHAREHOLDERS OF BPPL HOLDINGS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BPPL Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2024 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

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

Independent Auditor's Report

Key audit matter

Key audit matter	How our audit addressed the key audit matter
Cash Flow Hedge As disclosed in Note 23, the Group has hedged its exposure to variability of US Dollar cashflows by a cashflow hedge and has accounted for it in accordance with its accounting policy disclosed in Note 2.4.14 (iii) to the financial statements. As at 31st March 2024, the Group reported a hedge reserve amounting to Rs. 366 Mn. The effective portion of the Cash flow hedge recognized in other comprehensive income amounted to Rs. 406 Mn. This was a key audit matter due to the complexity of the accounting model and significance of management judgements and assumptions applied in continuing cashflow hedge accounting, as disclosed in Note 23 of the financial statements.	Our audit procedures included the following: Assessed the nature of the hedge relationship and compliance with hedge accounting requirements for cashflow hedge. Our procedures included evaluating the appropriateness of reclassifying gains and losses from hedge reserve to the income statement and adjustments to the carrying value of the hedged item. Involved our internal specialized resources to assist us in assessing appropriateness of the accounting model and reasonableness of management judgements and assumptions applied in continuing cashflow hedge accounting. Assessed the adequacy of disclosures in Note 23 to the financial statements.

Other Information included in the 2024 Annual Report

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

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

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

Responsibilities of the management and those charged with governance

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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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.

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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 misstatements 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 controls that we identify during our audit.

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

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

Report on other legal and regulatory requirements

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

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1864.

Ernst & Young

08th August 2024
Colombo

Statement of Financial Position

As at 31 March	Notes	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	4,736,271	4,599,644	1,052,297	1,227,231
Right of Use Assets	5	37,000	53,679	702	15,295
Intangible Asset	6	42,902	43,527	-	3,845
Investment in Subsidiaries	7	-	-	501,572	9,102
		4,816,173	4,696,850	1,554,571	1,255,473
Current Assets					
Inventories	8	1,220,061	1,323,484	-	224,364
Trade and Other Receivables	9	1,680,903	1,564,127	22,125	234,862
Income Tax Receivables		805	816	-	-
Cash and Bank Balances	16	35,446	185,416	2,770	25,839
		2,937,215	3,073,843	24,895	485,065
Total Assets		7,753,388	7,770,693	1,579,466	1,740,538
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	10	100,372	100,372	100,372	100,372
Revaluation Reserve		604,272	604,272	549,663	549,663
Hedging Reserve		(366,495)	(772,543)	-	-
Retained Earnings		3,696,364	3,683,281	561,297	588,828
		4,034,513	3,615,383	1,211,332	1,238,863
Non-Controlling Interests		-	-	-	-
Total Equity		4,034,513	3,615,382	1,211,332	1,238,863
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	11	705,541	1,231,028	-	-
Deferred Tax Liabilities	13	342,020	478,694	270,558	271,292
Lease Liability	5	32,781	36,086	-	2,071
Retirement Benefit Obligations	14	90,542	52,291	-	14,466
		1,170,884	1,798,099	270,558	287,829

As at 31 March	Notes	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Current Liabilities					
Trade and Other Payables	15	424,634	369,583	8,445	173,338
Income Tax Payable		84,127	36,797	56,593	10,206
Lease Liability	5	2,179	14,815	1,041	13,805
Interest Bearing Loans and Borrowings	11	2,037,051	1,936,017	31,497	16,497
		2,547,991	2,357,212	97,576	213,846
Total Equity and Liabilities		7,753,388	7,770,693	1,579,466	1,740,538
Net Asset per Share (Rs.)		13.1	10.6	3.9	3.2

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Chief Financial Officer

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

Director **Director**

The accounting policies and notes on pages 63 through 107 form an integral part of the financial statements.

08th August 2024
Colombo

Statement of Profit or Loss

For the year ended 31st March	Notes	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Revenue	3	5,411,506	6,250,891	906,286	1,248,565
Cost of Sales		(4,338,321)	(4,389,362)	(763,255)	(975,442)
Gross Profit		1,073,185	1,861,529	143,031	273,123
Other Operating Income	17	45,587	54,375	12,489	15,454
Foreign Exchange Gain		6,490	36,897	146	33,300
Selling and Distribution Expenses		(281,730)	(399,636)	(28,409)	(52,746)
Administrative Expenses		(465,536)	(540,862)	(34,736)	(88,117)
Operating Profit		377,995	1,012,303	92,521	181,014
Finance Cost	19	(281,907)	(314,374)	(3,366)	(6,938)
Finance Income	18	295	8,507	10	9
Profit Before Tax	20	96,383	706,436	89,165	174,085
Income Tax Expense	12	198	(195,276)	(61,465)	(44,610)
Profit for the Year		96,581	511,160	27,700	129,475
Number of Ordinary Shares		306,843,357	306,843,357	306,843,357	306,843,357
Earnings Per Share (Rs.)	21	0.31	1.67	0.09	0.42
Dividend		55,232	-	55,232	-
Dividend Per Share (Rs.)	22	0.18	-	0.18	-
Attributable to :					
Equity Holders of the Parent		96,581	511,160		

The accounting policies and notes on pages 63 through 107 form an integral part of the financial statements.

Statement of Comprehensive Income

Group	Notes	2024 Rs. '000	2023 Rs. '000
Profit for the Year		96,581	511,160
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)			
Hedge Adjustment	23	406,048	28,726
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)			
Retirement Benefit Obligation Actuarial Gain/(Loss)	14	(38,289)	12,076
Deferred Tax Attributable to Actuarial (Gain)/Loss	13	10,022	(3,540)
Revaluation Surplus		-	142,131
Tax on Land revaluation		-	(144,362)
Other comprehensive income for the year (Net of tax)		377,781	35,031
Total Comprehensive Income for the Year, after Tax		474,362	546,191
Attributable to :			
Equity Holders of the Parent		474,362	546,191

Company	Notes	2024 Rs. '000	2023 Rs. '000
Profit for the Year		27,700	129,475
Other Comprehensive Income			
Other Comprehensive Income that will not be Reclassified to Profit or Loss			
Retirement Benefit Obligation Actuarial Gain/(Loss)	14	-	3,824
Deferred Tax Attributable to Actuarial (Gain)/Loss	13	-	(1,147)
Revaluation Surplus		-	98,492
Tax on Land revaluation		-	(137,816)
Other comprehensive income for the year (Net of tax)		-	(36,647)
Total Comprehensive Income for the Year, after Tax		27,700	92,828

The accounting policies and notes on pages 63 through 107 form an integral part of the financial statements.

Statement of Changes in Equity

Group	Stated Capital Rs. '000	Revaluation Reserve Rs. '000	Hedging Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 31 March 2022	100,372	462,142	(801,269)	3,307,948	3,069,192
Issue of Bonus shares	-	-	-	-	-
Profit for the Year	-	-	-	511,160	511,160
Other Comprehensive Income	-	142,131	28,726	12,076	182,933
Tax on Other Comprehensive Income	-	-	-	(147,902)	(147,902)
Total Comprehensive Income	-	142,131	28,726	375,334	546,191
Dividend Paid	-	-	-	-	-
Balance as at 31 March 2023	100,372	604,272	(772,543)	3,683,281	3,615,383
Profit for the Year	-	-	-	96,581	96,581
Other Comprehensive Income	-	-	406,048	(38,289)	367,759
Tax on Other Comprehensive Income	-	-	-	10,022	10,022
Total Comprehensive Income	-	-	406,048	68,314	474,362
Dividend Paid	-	-	-	(55,232)	(55,232)
Balance as at 31 March 2024	100,372	604,272	(366,495)	3,696,364	4,034,513

Company	Stated Capital Rs. '000	Revaluation Reserve Rs. '000	Hedging Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 31 March 2022	100,372	451,171	-	594,493	1,146,035
Profit for the Year	-	-	-	129,475	129,475
Other Comprehensive Income	-	98,492	-	3,824	102,316
Tax on Other Comprehensive Income	-	-	-	(138,963)	(138,963)
Total Comprehensive Income	-	98,492	-	(5,664)	92,828
Dividend Paid	-	-	-	-	-
Balance as at 31 March 2023	100,372	549,663	-	588,828	1,238,863
Profit for the Year	-	-	-	27,700	27,700
Other Comprehensive Income	-	-	-	-	-
Tax on Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	27,700	27,700
Dividend Paid	-	-	-	(55,232)	(55,232)
Balance as at 31 March 2024	100,372	549,663	-	561,297	1,211,332

The accounting policies and notes on pages 63 through 107 form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31st March	Notes	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cash Flows from / (Used in) Operating Activities					
Cash Flow from Operating Activities					
Profit before tax		96,383	706,436	89,165	174,085
Adjustments for					
Depreciation	4	302,969	265,150	30,032	34,591
Amortisation	6	7,684	7,532	498	543
Amortisation - Leasehold land	5	13,557	9,733	11,471	7,648
Provision for Retirement Benefit Obligations	14	16,979	9,733	4,087	1,299
Interest Income	18	(295)	(8,507)	(10)	(9)
Finance Cost	19	281,907	314,375	3,366	6,938
Profit/(Loss) from disposal of fixed assets		(80,739)	(222)	(79,739)	(216)
Unrealised Exchange loss		57,323	(427,649)	-	(15,830)
Provision for Slow Moving Stocks		(1,418)	1,850	(372)	134
Operating Profit Loss Before Working Capital Changes		694,350	878,430	58,498	209,182
(Increase)/Decrease in Inventories		104,842	(372,083)	224,736	(52,308)
(Increase)/Decrease in Trade and Other Receivables		(116,777)	929,606	212,737	483,327
Increase/(Decrease) in Trade and Other Payables		55,051	(454,675)	(164,893)	(498,383)
Cash Generated from Operations		737,465	981,278	331,078	141,818
Income Tax Paid		(79,112)	(58,126)	(15,813)	(42,191)
ESC Paid		-	-	-	-
Retirement Benefit Obligations Costs paid		(17,016)	(22,613)	(18,552)	(3,257)
Interest Paid		(277,040)	(308,900)	(2,591)	(5,679)
Cash Flow from Operating Activities		364,297	591,639	294,122	90,691

Statement of Cash Flows

For the year ended 31st March	Notes	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cash Flow from Investing Activities					
Acquisition of Property, Plant and Equipment	4	(411,302)	(120,206)	(12,057)	(11,808)
Acquisition of investment		-	-	(492,470)	-
Acquisition of Intangible Assets	6	(10,406)	(2,765)	-	(2,135)
Proceeds from Disposal of Fixed Assets		241,285	1,029	240,046	896
Proceeds from Financial assets		-	67,042	-	-
Interest Received		295	543	10	9
Dividend Received		-	-	-	-
Capital Work In Progress	4	(185,493)	(75,501)	-	(6,236)
Net Cash Flows used in Investing Activities		(365,622)	(129,857)	(264,471)	(19,274)
Cash Flow from Financing Activities					
Repayment of Interest Bearing Loans and Borrowings		(5,064,087)	(4,021,158)	(43,887)	(173,010)
Proceeds from Interest Bearing Loans and Borrowings		4,959,615	3,656,274	43,887	132,216
Lease rental paid		(17,687)	(13,524)	(12,488)	(8,326)
Dividends Paid		(55,232)	-	(55,232)	-
Net Cash Flows from/(used in) Financing Activities		(177,391)	(378,408)	(67,720)	(49,120)
Net Increase/ (Decrease) in Cash and Cash Equivalents		(178,715)	83,374	(38,069)	22,297
Cash and Cash Equivalent at the beginning of the period	16	154,598	71,224	9,342	(12,955)
Cash and Cash Equivalent at the end of the period	16	(24,117)	154,598	(28,727)	9,342

The accounting policies and notes on pages 63 through 107 form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

1.1 General

BPPL Holdings PLC ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and principle place of business is located at level 17, Access Towers, No. 278/4, Union Place, Colombo 02.

1.2 Principal Activities and Nature of Operations

Company

During the year, the principal activities of the Company were manufacturing and exporting of wooden handles for brooms and brushes.

Group

During the year, the principal activities of the Group were manufacturing and exporting of wooden handles, brooms, brushes, mops, synthetic filament and polyester yarn.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Infinity Capital (Private) Limited, which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The consolidated financial statements of BPPL Holdings PLC for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the board of directors on 08 August 2024.

2. General Policies

2.1 Basis of Preparation

The consolidated financial statements of the Group have been on an accrual basis under the historical cost convention unless otherwise stated. The consolidated financial statements are presented in Sri Lankan Rupees which is the Group functional and presentation currency.

2.1.1 Statement of Compliance

The financial statements which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year then ended and notes (to the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Charted Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007.

2.1.2 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The management has considered the potential downsides that the economic recession could bring to the business operations of the Group, in making this assessment.

The consequences of the economic recession on significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects continue to evolve, the management has considered a range of scenarios to determine the potential impact on the underlying performance and future funding requirements. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on a going concern basis.

During the year under review, demand for brush ware remained strong during the year as the cleaning sector was declared as an essential service by most governments around the world. This process helped to minimise the adverse effect of the pandemic on the Group's performance.

The Group has adequate resources comprising cash and cash equivalents and sufficient headroom on unused credit lines at the date of authorisation of these financial statements.

Future Outlook

The continued impact of the recession on Sri Lanka's economy, global demand and supply cannot be accurately predicted at this time. The recovery period of key industries most likely to take at least several months. Hence, the overall future impact on the operations of the Group is not immediately predictable. Multiple risks that have persisted including increased exchange rate volatility, foreign currency availability and import restrictions.

The Group's businesses focus primarily on the foreign consumer. As such, The Group anticipates that demand for its products and services will continue to recover.

2.2 Significant Accounting Judgements, Estimates and Assumptions

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Notes to the Financial Statements

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences 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 on the likely timing and level of future taxable profits together with future tax planning strategies.

Capitalization of borrowing cost on the foreign currency loan obtained to finance the capital work in progress

The maximum amount of borrowing costs capitalised on the foreign loan obtained to finance the capital work in progress is the amount of borrowing costs on the functional currency equivalent borrowing. The maximum amount of currency exchange differences attributed to interest rates that are capitalised is limited to the difference between the interest costs on the foreign currency loan and the local currency loan.

Revaluation of Freehold Lands

The Lands of the Group are reflected at fair value. Freehold Lands are valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of Freehold Lands, with the assistance of an independent professional valuer.

In determining the fair value of the lands as at reporting date in the wake of economic recession, the group obtained advice of independent external valuer. Given the unprecedented and evolving set of circumstances arising due to economic recession, the external independent valuer has valued the lands having regarded all the relevant factors and reported the values as reflected on the basis of material valuation uncertainty.

In determining the regularity of revaluation, the Group refers to general market prices of lands in districts where the Group's operations are based, in consultation with an independent professional valuer. Further information including key inputs used to determine the fair value of the freehold lands and sensitivity analysis are provided in Note 4.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of statement of financial position, 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. The respective carrying amounts of assets and liabilities are given in related notes to the financial statements.

Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further information is given in Note 14.

Incremental Borrowing rate

The Group recognised its lease liabilities in relation to leases and liabilities that were measured at the present value of the future lease payments, after discounting based on the lessee's incremental borrowing rate as of commencement date of the lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 31/03/2024 was 12%.

2.3 Consolidation Policy

2.3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

i. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

ii. Exposure, or rights, to variable returns from its involvement with the investee

iii. The ability to use its power over the investee to affect its returns

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

i. The contractual arrangement(s) with the other vote holders of the investee

ii. Rights arising from other contractual arrangements

iii. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3.2 Transactions Eliminated on Consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Material Accounting Policy Information

2.4.1 Foreign Currency Translation

The financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. 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 was determined.

2.4.2 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date in the country where the group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and the amendments thereto.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

Pursuant to the agreement dated 17 September 2009 entered into with the Board of Investment of Sri Lanka under section 17 of the Board of Investment Law No. 4 of 1978, Eco Spindles (Pvt) Ltd was 24% from income taxes on profit the business of manufacturing of plastic resins and monofilament yarn, for a period of 08 years, reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation which ever year is earlier as may be specified in a certificate issued by the Board. Thereafter it will be 10% for a period of 02 years immediately succeeding the last date of the tax exemption period and thereafter profit and income of the enterprise shall be charged for any year of assessment at the rate of 15%.
The Company is liable to pay tax on other income. Accordingly, Eco Spindles (Pvt) Ltd will be taxed at 15% on qualified profit, 30% on qualified export profits, 30% on manufacturing profits and liable to income tax at 30% on other taxable profits during the Year 2023/2024.

Deferred Taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised except where the deferred income 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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

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

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss and other comprehensive income.

On April 23, 2021 the institute of Chartered Accountants of Sri Lanka issued a guideline to provide an interpretation on the application of tax rates which is "substantively enacted" in the measurement of current tax and deferred tax for the financial reporting period ended after March 26, 2021 by replacing the guideline issued in 2015 on Application of Tax Rates in Measurement of Deferred Tax.

According to the said guidance 'Substantively enacted' means the Bill introducing the change being taken up at the Parliament for the First Reading. Accordingly, Financial Statements having a period ended after March 26, 2021, should use such proposed tax rules and rates in the Bill for determination of current tax and deferred tax.

2.4.3 Borrowing Costs

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

2.4.4 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss and other comprehensive income in the year in which the expenditure is incurred.

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

Assets Category	Group		Company	
	2024	2023	2024	2023
Enterprise Resource Planning System	8 Years	8 Years	8 Years	8 Years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of profit and loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

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

2.4.5 Inventories

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

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

Raw Materials	–	At actual cost on weighted average cost basis
Finished Goods & Work-in-progress	–	At the cost of direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing Costs.
Consumables & Spares	–	At purchase cost on weighted average basis.
Good in Transit	–	At Purchase cost

2.4.6 Trade and Other Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

2.4.7 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 cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.8 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and/ or 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 Profit or Loss as incurred.

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost less accumulated impairment. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Lands are measured at fair value at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment.

Notes to the Financial Statements

Depreciation is calculated on straight line basis over the estimated useful lives of the assets as follows;

Assets Category	Group		Company	
	2024	2023	2024	2023
Buildings on Freehold Lands	40 Years	40 Years	40 Years	40 Years
Plant and Machinery	10 - 20 Years	10 - 20 Years	10 - 20 Years	10 - 20 Years
Motor Vehicles	06 Years	06 Years	06 Years	06 Years
Furniture and Fittings	08 Years	08 Years	08 Years	08 Years
Factory Equipment	08 Years	08 Years	08 Years	08 Years
Air Conditioner and Generator	08 Years	08 Years	08 Years	08 Years
Office Equipment	08 Years	08 Years	08 Years	08 Years

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 de-recognition 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 Profit or Loss when the asset is derecognised.

2.4.9 Investments

a. Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Group distinguishes and presents current and non current investments in the date of statement of financial position.

b. Measurement

Current Investments

Current Investments are stated at the Cost or if the investment is traded at the market then at Market Value.

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to profit or loss.

2.4.10 Provisions

Provisions are recognised 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. 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 an interest expense.

2.4.11 Retirement Benefit Obligations

(a) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed determinable contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Employees are eligible to Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions as per the respective statutes. These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'.

The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. The contributions made are expensed to Profit or Loss as and when the contributions are made.

(b) Defined Benefit Plan – Gratuity

In accordance with the Gratuity Act No. 12 of 1983, a liability arises for a defined benefit obligation to employees. Such defined benefit obligation is a post-employment benefit obligation falling within the scope of Sri Lanka Accounting Standard LKAS -19 on 'Employee Benefits'.

The liability recognised in the Statement of financial position is the present value of the defined benefit obligation at the reporting date. The calculations performed annually by a qualified actuary using the projected unit credit method (PUC). Any actuarial gains and losses arising are recognised immediately in other comprehensive income. The discount rate has been derived considering the yield of government bonds.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

The gratuity liability is not externally funded.

2.4.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per SLFRS 16 and recognise right of use assets and lease liabilities.

Group as a lessee

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

Right-of-use assets

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

The right-of-use assets are presented within Note 5 and are subject to impairment in line with the Group's policy for Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include 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 Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

2.4.13 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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.

Notes to the Financial Statements

Impairment losses of continuing operations are recognized in the statement of profit or loss 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount.

A previously recognized 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 recognized. 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 recognized for the asset in prior periods. Such reversal is recognized in the Statement of Profit and loss and other Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.4.14 Financial Instruments

i. Financial Assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9, are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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.

Subsequent measurement

The Group classifies all of these financial assets in the measurement category of financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through OCI. Categories of financial assets as per SLFRS 9 are limited only for the followings.

I. Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets (debt instruments) at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortised cost includes trade and other receivables, short term deposits and cash and bank.

II. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

III. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset is derecognised when:

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

Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

ii. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings and. Accordingly Group financial liabilities have been classified as and loans and borrowings.

Subsequent measurement

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

- 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.

The accounting for financial liabilities under SLFRS 9 remains largely the same as it was under LKAS 39.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the Financial Statements

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.

Offsetting of financial instruments

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

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.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.

iii. Hedge Accounting

Initial Recognition and Subsequent Measurement

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged.

The item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

When a financial instrument is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the financial instrument is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the financial instrument that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the financial instrument is recognised immediately in profit or loss.

The Group has established a hedge ratio of 0.98 between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. Moreover, the hedge effectiveness is set at 98% as per the contractual terms where the fair value change in the hedge item is 98% efficient in offsetting the fair value change of the liability. The fair value is calculated as the present value of the estimated future cash flows.

Discontinuation of Cash flow Hedge

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedge is discontinued, the amount that has been accumulated in the hedge reserve remain in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedge expected future cash flows affect profit or loss.

Cash Flow Hedge Reserve

The Group designates its identified foreign currency loans as a hedging instrument in order to hedge the variation in highly probable specifically identified future foreign currency revenue attributable to changes in foreign exchange rates.

The effective portion of the gain or loss on the hedging instrument is recognised in the Cash Flow Hedge Reserve, through Other Comprehensive Income while any ineffective portion is recognised immediately in the Statement of Profit or Loss.

2.4.15 Statement of profit and loss and other comprehensive income

Revenue Recognition

The Group is in the business of manufacturing and exporting of wooden handles, brooms, brushes, mops and synthetic fibre. Revenue is recognized 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. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, driver incentives and customer incentives.

The following specific criteria are used for recognition of revenue:

a) Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, considering relevant terms of delivery. The normal credit term is 30 to 120 days upon Bill of Lading date.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points and claims). In determining the transaction price for the sale of products, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

b) Significant Financing Component

Occasionally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

c) Rent Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

d) Interest

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss of Profit or Loss.

e) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

f) Others

Other income is recognised on an accrual basis.

2.4.16 Expenditure Recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's performance.

2.4.17 Finance Cost

Finance costs comprise interest expense on borrowings that is recognized in the statement of comprehensive income.

2.4.18 Operating Segment

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Notes to the Financial Statements

2.5 Standards Issued But Not Yet Effective:

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

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 SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. 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. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

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

Disclosure of Accounting Policies – Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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

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

Amendments to LKAS 1 Presentation of Financial Statements 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 2024.

3. Revenue

For the year ended 31st March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Export Sales	4,523,008	4,941,645	251,557	549,582
Discontinuation of Cash Flow Hedging Instrument	(287,719)	-	-	-
Deemed Export - Inter Company	-	-	638,790	673,019
- Others	1,129,677	1,225,559	-	-
Local Sales - Inter comp	-	-	-	-
- Others	22,843	61,647	692	3,924
Rejected Log Sales	23,696	22,041	15,247	22,041
	5,411,506	6,250,891	906,286	1,248,565

4. Property, Plant and Equipments

4.1 Group

At Cost	Balance as at 01.04.2023 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings	622,563	-	-	(603)	621,961
Plant and Machinery	3,372,225	104,833	201,548	(169,157)	3,509,449
Motor Vehicles	79,409	10,680	-	(8,149)	81,940
Furniture and Fittings	40,722	4,294	-	(10,834)	34,181
Factory Equipment	713,105	203,431	-	(133,583)	782,953
Tools	130,728	78,163	-	(200)	208,691
Office Equipment	98,269	9,902	-	(5,706)	102,465
	5,057,022	411,302	201,548	(328,232)	5,341,640
At Valuation					
Freehold Lands	881,138	-	-	-	881,138
	881,138	-	-	-	881,138
Capital Work-In-Progress					
Plant and Machinery	19,235	185,493	(201,548)	-	3,180
	19,235	185,493	(201,548)	-	3,180
Total Value of Assets	5,957,395	596,795	-	(328,232)	6,225,958

Notes to the Financial Statements

4.2 Depreciation

At Cost	Balance as at 01.04.2023 Rs. '000	Charge for the period Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings	105,630	15,122	-	(162)	**120,591**
Plant and Machinery	797,962	160,767	-	(93,066)	**865,663**
Motor Vehicles	69,760	4,543	-	(8,149)	**66,154**
Furniture and Fittings	22,424	3,669	-	(9,171)	**16,922**
Factory Equipment	250,859	65,992	-	(55,402)	**261,449**
Tools	57,021	43,429	-	(200)	**100,250**
Office Equipment	54,094	9,447	-	(4,884)	**58,657**
Total Depreciation	1,357,750	302,969	-	(171,033)	**1,489,686**

4.3 Net Book Values

At Cost	Balance as at 31.03.2024 Rs. '000	Balance as at 31.03.2023 Rs. '000
Buildings	**501,370**	516,934
Plant and Machinery	**2,643,785**	2,574,263
Motor Vehicles	**15,785**	9,648
Furniture and Fittings	**17,260**	18,298
Factory Equipment	**521,504**	462,246
Tools	**108,441**	73,708
Office Equipment	**43,808**	44,175
	3,851,954	3,699,271
At Valuation		
Freehold Lands	**881,138**	881,138
	881,138	881,138
Capital Work-In-Progress		
Plant and Machinery	**3,180**	19,235
	3,180	19,235
Total Net Book Value	**4,736,271**	4,599,644

4.4 During the financial year 2022/2023 the company has stated their properties at revalued amounts by expert independent valuer D Prathapasinghe. The surplus arising from the revaluation was transferred to revaluation reserve.

	No. of Buildings	Extent	Method of Valuation and Significant unobservable inputs	Range of Estimate for unobservable	Valuation Rs. '000	Date of Valuation
BPPL Holdings PLC						
Land - Ingiriya	37	9A-1R-30.80P	Market Comparable Method	Per Perch Value Rs. 500,000	755,000	31/03/2023
Land - Padukka	7	0A -3R-21P	Market Comparable Method	Per Perch Value Rs. 300,000	42,300	31/03/2023
Eco Spindles (Pvt) Ltd						
Land - Mawgama	10	01A-2R-27P	Market Comparable Method	Per Perch Value Rs. 312,500	83,438	31/03/2023

4.5 Increase or decrease in estimated price per perch in isolation would result in a higher or lower fair value measurement. Accordingly, a change of 10% in the estimated price per perch of the Group and Company will cause a Rs. 88,113,750/- and Rs. 79,770,000/- change respectively in the fair value of freehold land, directionally.

4.6 Company

At Cost	Balance as at 01.04.2023 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings	249,229	-	-	(603)	**248,626**
Plant and Machinery	225,957	-	-	(168,110)	**57,848**
Motor Vehicles	8,149	-	-	(8,149)	**-**
Furniture and Fittings	11,906	-	-	(10,817)	**1,089**
Factory Equipment	193,646	11,502	-	(133,552)	**71,596**
Office Equipment	7,707	555	-	(5,234)	**3,029**
Total Value of Assets	696,595	12,057	-	(326,464)	**382,188**
At Valuation					
Freehold Lands	797,700	-	-	-	**797,700**
	797,700	-	-	-	**797,700**
Total Value of Assets	1,494,295	12,057	-	(326,464)	**1,179,888**

Notes to the Financial Statements

4.7 Depreciation

At Cost	Balance as at 01.04.2023 Rs. '000	Charge for the period Rs. '000	Transfer Rs. '000	Disposals Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings	61,344	5,859	-	(162)	**67,042**
Plant and Machinery	93,105	6,821	-	(92,140)	**7,787**
Motor Vehicles	7,880	269	-	(8,149)	**-**
Furniture and Fittings	9,348	639	-	(9,154)	**833**
Factory Equipment	88,890	16,143	-	(55,396)	**49,637**
Office Equipment	6,497	301	-	(4,505)	**2,292**
Total Depreciation	267,064	30,032	-	(169,505)	**127,591**

4.8 Net Book Values

At Cost	Balance as at 31.03.2024 Rs. '000	Balance as at 31.03.2023 Rs. '000
Buildings	**181,585**	187,885
Plant and Machinery	**50,061**	132,852
Motor Vehicles	**-**	269
Furniture and Fittings	**256**	2,557
Factory Equipment	**21,959**	104,756
Office Equipment	**736**	1,211
	254,597	429,531
At Valuation		
Freehold Lands	**797,700**	797,700
	797,700	797,700
Total Net Book Value	**1,052,297**	1,227,231

4.9 The rates of depreciation is estimated as follows.

	Group		Company	
As at 31 March	**2024**	**2023**	**2024**	**2023**
Buildings	**40 Years**	40 Years	**40 Years**	40 Years
Plant and Machinery	**20 Years**	20 Years	**20 Years**	20 Years
Motor Vehicles	**06 Years**	06 Years	**06 Years**	06 Years
Furniture and Fittings	**08 Years**	08 Years	**08 Years**	08 Years
Factory Equipment	**08 Years/20 Years/ 40 years**	08 Years/20 Years/ 40 years	**08 Years/20 Years/ 40 years**	08 Years/20 Years/ 40 years
Air Conditioner and Generator	**08 Years**	08 Years	**08 Years**	08 Years
Office Equipment	**08 Years**	08 Years	**08 Years**	08 Years

4.10 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.12,057,424/- (2023 Rs18,043,555/-). Cash payments amounting to Rs.12,057,424/- (2023 - Rs.18,043,555/-) were made during the year for purchase of Property, Plant and Equipment.

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.596,795,004/- (2023 - Rs.195,706,464/-). Cash payments amounting to Rs.596,795,004/- (2023 - Rs.195,706,464 /-) were made during the year for purchase of Property, Plant and Equipment.

4.11 Property, Plant and Equipment of Company includes fully depreciated assets having a gross carrying amounts of Rs.27,692,138 /- (2023 - Rs.80,777,439/-).

Property, Plant and Equipment of Group includes fully depreciated assets having a gross carrying amounts of Rs.292,850,234/- (2023 - Rs.301,207,281/-).

5. Right of Use Assets

5.1 Right of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of right of use lease assets of the company is as follows;

Group

5.1.1 At Gross Value

	Balance as at 01.04.2023 Rs. '000	Additions Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings - Office & Factory Premises	59,357	(3,122)	**56,234**
Land - Factory Premises	30,720	-	**30,720**
	90,077	(3,122)	**86,954**

Notes to the Financial Statements

5.1.2 Depreciation

	Balance as at 01.04.2023 Rs. '000	Charge for the period Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings - Office & Factory Premises	32,760	12,884	**45,644**
Land - Factory Premises	3,637	673	**4,310**
	36,397	13,557	**49,954**

5.1.3 Net book values

	2024 Rs. '000	2023 Rs. '000
Buildings - Office & Factory Premises	**10,590**	26,596
Land - Factory Premises	**26,410**	27,083
	37,000	53,679

Company

5.1.4 At Gross Value

	Balance as at 01.04.2023 Rs. '000	Additions Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings - Office Premises	42,405	(3,122)	**39,283**
	42,405	(3,122)	**39,283**

5.1.5 Depreciation

	Balance as at 01.04.2023 Rs. '000	Charge for the period Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings - Office Premises	27,110	11,471	**38,581**
	27,110	11,471	**38,581**

5.1.6 Net book values

	2024 Rs. '000	2023 Rs. '000
Buildings - Office Premises	**702**	15,295
	702	15,295

5.1.7 The Rates of Amortization is estimated as follows; (Straight Line basis)

	2024	2023
Group		
Land - Factory Premises	40 Years	41 Years
Building - Office & Factory Premises	8 Years	9 Years
Company		
Building - Office Premises	2 Years	3 Years

5.2 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the company's incremental borrowing rate. The movement of Lease creditor for the period is as follows;

5.2.1 Group

	Balance as at 01.04.2023 Rs. '000	Addition Rs. '000	Interest Expense Rs. '000	Lease Payment Rs. '000	Balance as at 31.03.2024 Rs. '000
Buildings - Office & Factory Premises	29,548	(3,122)	2,331	(15,128)	13,629
Land - Factory Premises	21,353	-	2,536	(2,559)	21,330
	50,901	(3,122)	4,867	(17,687)	34,959

	Amount Repayable within 1 year Rs. '000	Amount Repayable after 1 year Rs. '000	Total Rs. '000
Buildings - Office & Factory Premises	2,155	11,474	13,629
Land - Factory Premises	24	21,307	21,330
	2,179	32,781	34,959

Notes to the Financial Statements

5.2.2 Company

	Balance as at 01.04.2023 Rs. '000	Addition Rs. '000	Interest Expense Recognized in Profit or Loss Rs. '000	Realization of Liability Rs. '000	Balance as at 31.03.2024 Rs. '000
Building - Office Premises	15,876	(3,122)	775	(12,488)	**1,041**
	15,876	(3,122)	775	(12,488)	**1,041**

	Amount Repayable within 1 year Rs. '000	Amount Repayable after 1 year Rs. '000	Total Rs. '000
Building - Office Premises	1,041	-	1,041
	1,041	-	1,041

6. Intangible Assets

6.1 Group

	2024 Rs. '000	2023 Rs. '000
Cost		
As at 1 April	**87,101**	84,336
Acquired	**10,406**	2,765
Disposed	**(8,122)**	-
As at 31 March	**89,385**	87,101
Amortisation		
As at 1 April	**43,574**	36,042
Disposed	**(4,774)**	-
Amortisation for the year	**7,684**	7,532
As at 31 March	**46,484**	43,574
Net book value		
As at 1 April	**43,527**	48,294
As at 31 March	**42,902**	43,527

6.2 Company

	2024 Rs. '000	2023 Rs. '000
Cost		
As at 1 April	8,122	5,987
Acquired	-	2,135
Disposed	(8,122)	-
As at 31 March	-	8,122
Amortisation		
As at 1 April	4,276	3,734
Disposed	(4,774)	-
Amortisation for the year	498	543
As at 31 March	-	4,276
Net book value		
As at 1 April	3,845	2,253
As at 31 March	-	3,845

7. Investment

7.1 Company

	Direct Holdings		Direct Investments	
	2024	2023	2024	2023
Beira Brush (Pvt) Ltd	99.9%	99.9%	501,572,230	9,102,230
BPPL Enterprises (Pvt) Ltd	100%	100%	10	10
Total			501,572,240	9,102,240

7.2 Group Companies

	Principal Place of Business	Relationship	Principal Activities
Beira Brush (Pvt) Ltd	Level 17, Access Towers II, 278/4 Union Place, Colombo 2	Subsidiary	Manufacturing and exporting of brooms and brushes and mops
Eco Spindles (Pvt) Ltd		Sub-Subsidiary	Manufacturing of Monofilament and yarn for direct and indirect export
BPPL Enterprises (Pvt) Ltd		Subsidiary	Buying and exporting brush, mops and cleaning material

Notes to the Financial Statements

8. Inventories

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Raw Materials	766,304	807,939	-	144,205
Work in Progress	8,090	16,448	-	8,766
Finished Goods	169,755	201,922	-	33,135
Goods In Transit	86,082	151,631	-	-
Consumables and Spares	192,819	149,951	-	38,629
Less: Provision for slow moving inventory (8.1)	(2,989)	(4,407)	-	(372)
	1,220,061	1,323,484	-	224,364

8.1 Provision for slow moving inventory

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
At the beginning of the year	4,407	2,557	372	238
Charge (reversal) for the year	(1,418)	1,850	(372)	134
At the end of the year	2,989	4,407	-	372

9. Trade and Other Receivables

9.1 Summary

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Trade Receivables - Other	1,533,278	1,378,349	-	112,829
- Related Parties (9.2)	-	-	7,152	521
Other Debtors - Other	77,949	40,917	6,023	5,889
- Related Parties (9.2)	-	-	-	-
Loans to Company Officers (9.3)	-	7	-	7
Advances and Prepayments	64,764	134,372	4,038	105,134
Other Receivables	4,912	10,482	4,912	10,482
	1,680,903	1,564,127	22,125	234,862

9.2 Trade Receivables - Related Party

As at 31 March	Relationship	Company 2024 Rs. '000	Company 2023 Rs. '000
Beira Brush Limited	Sub-Subsidiary	6,989	-
ECO Spindles (Pvt) Ltd	Sub-Subsidiary	163	508
BPPL Enterprises	Subsidery	-	13
		7,152	521

9.3 Loans to Company Officers

	Balance as at 01.04.2023 Rs. '000	Loans Granted During the year Rs. '000	Repayments During the year Rs. '000	Balance as at 31.03.2024 Rs. '000
Loans to Company Officers	7	-	7	-
	7	-	7	-

9.4 Trade Debtors Age Analysis

Group	Total	Neither past due nor impaired	Past due but not impaired		
			30-90 days	91-120 days	>120 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2024	1,533,278	1,375,406	157,696	177	-
2023	1,378,349	1,378,349	-	-	-

Company	Total	Neither past due nor impaired	Past due but not impaired		
			30-90 days	91-120 days	>120 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2024	-	-	-	-	-
2023	112,829	112,829	-	-	-

10. Stated Capital

	Group		Company	
As at 31 March	2024	2023	2024	2023
Ordinary Shares (No's)	306,843,357	306,843,357	306,843,357	306,843,357

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Ordinary Shares	100,372	100,372	100,372	100,372

Notes to the Financial Statements

11. Interest Bearing Loans and Borrowings

11.1 Group

As at 31 March	2024			2023		
	Amount Payable within One Year Rs. '000	Amount Payable after One Year Rs. '000	Total Rs. '000	Amount Payable within One Year Rs. '000	Amount Payable after One Year Rs. '000	Total Rs. '000
Bank Loan (11.1.1)	1,977,488	705,541	2,683,030	1,905,199	1,231,028	3,136,227
Bank Overdraft (16.2)	59,563	-	59,563	30,818	-	30,818
	2,037,051	705,541	2,742,592	1,936,017	1,231,028	3,167,044

11.1.1 Bank Loan

	Balance as at 01.04.2023 Rs. '000	New Loans Obtained Rs. '000	Loan Repayment Rs. '000	Exchange Gain / (loss) Rs. '000	Balance as at 31.03.2024 Rs. '000
Term Loan - Hongkong and Shanghai Banking Corporation Limited	1,819,880	-	(391,463)	(342,928)	1,085,490
Money market - National Development Bank PLC	1,012,525	3,381,584	(3,420,142)	81,658	1,055,625
Money market - Standard Chartered Bank Ltd	119,315	1,329,427	(1,101,935)	(7,846)	338,961
Term Loan - National Development Bank PLC	184,507	161,795	(103,945)	(81,513)	160,844
Short Term loan-Hongkong and Shanghai Banking Corporation Limited	-	86,809	(46,602)	1,903	42,110
	3,136,227	4,959,615	(5,064,087)	(348,725)	2,683,030

11.2 Company

As at 31 March	2024			2023		
	Amount Payable within One Year Rs. '000	Amount Payable after One Year Rs. '000	Total Rs. '000	Amount Payable within One Year Rs. '000	Amount Payable after One Year Rs. '000	Total Rs. '000
Bank Loan (11.2.1)	-	-	-	-	-	-
Bank Overdraft (16.2)	31,497	-	31,497	16,497	-	16,497
	31,497	-	31,497	16,497	-	16,497

11.2.1 Bank Loan

	Balance as at 01.04.2023 Rs. '000	New Loans Obtained Rs. '000	Loan Repayment Rs. '000	Exchange Gain / (loss) Rs. '000	Balance as at 31.03.2024 Rs. '000
Money Market Loan - Standard Chartered Bank Ltd	-	43,887	-	(43,887)	-
	-	43,887	-	(43,887)	-

11.3 Interest Bearing Loans and Borrowings

As at 31 March	2024		2023	
	Interest Bearing Loans and Borrowings Rs. '000	Loans Designated with Cash Flow Hedge Rs. '000	Interest Bearing Loans and Borrowings Rs. '000	Loans Designated with Cash Flow Hedge Rs. '000
ECO Spindles(Pvt) Ltd				
Term Loan - Hongkong and Shanghai Banking Corporation Limited	1,085,490	1,085,490	1,819,880	1,819,880
Short Term Loan - Hongkong and Shanghai Banking Corporation Limited	42,110	-	569	-
	1,127,599	1,085,490	1,820,449	1,819,880
Beira Brush (Pvt) Ltd				
Money market - National Development Bank PLC	1,055,625	-	1,012,525	-
Term Loan - National Development Bank PLC	160,844	-	184,507	-
Money market - Standard Chartered Bank Ltd	338,962	-	119,315	-
Bank Overdraft	28,066	-	13,751	-
	1,583,496	-	1,330,098	-
BPPL Holdings PLC				
Bank Overdraft	31,497	-	16,497	-
	31,497	-	16,497	-
Total	2,742,592	1,085,490	3,167,044	1,819,880

Notes to the Financial Statements

11.4 Terms and conditions

1) Short Term Loan - National Development Bank
Security - Nil
Repayment - To be repaid within 90 days
Interest - 8%

2) Long Term Loan - National Development Bank
Security - Ingriya Land, Building & Brush Plant &Machinery / Padukka Land &Building / Maugama Land &Building and Filament Plant & Machineries
Repayment - To be repaid within 60 months
Interest - 1 month SOFR+2.9%

3) Term Loan - Hongkong and Shanghai Banking Corporation Limited
Security - Plant & Machinery Yarn
Repayment - To be repaid within 48 months
Interest - 1M LIBOR+3.15% & 3M LIBOR+3.20%

4) Short Term Loan - Standard Chartered Bank Ltd
Security - Debtor & Stock
Repayment - To be repaid within 90 days
Interest - 3M LIBOR + 3%

12. Income Tax

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

For the year ended 31st March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Income Statement				
Current Income Tax				
Current Income Tax charge	147,272	93,167	62,200	43,431
Under/(Over) Provision of current taxes in respect of prior years	(250)	84	-	380
Tax on reversal of Hedge	(20,569)	-	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (12.2)	(126,651)	102,026	(734)	799
Income tax expense reported in the Income Statement	(198)	195,276	61,465	44,610

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

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Accounting Profit before Income Tax	96,383	706,436	89,165	174,085
Allowed Expenses	(814,301)	(781,417)	(44,667)	(96,443)
Disallowed Expenses	613,402	935,225	242,584	153,409
Investment Income	(30,021)	(44,172)	(10)	(9)
Non Taxable Item	(231,784)	(878,932)	(79,739)	(7,208)
Taxable Profit/ (Loss)	(366,322)	(62,860)	207,332	223,834
Other sources of income	-	-	-	24,460
Less - Business loss	-	-	-	-
Taxable Income	-	-	207,332	248,294
Income tax expense reported in the income statement				
Income tax at 14%	-	49,644	-	26,726
Income tax at 18%	-	3,032	-	384
Income tax at 24%	-	3,924	-	1,030
Income tax at 30%	126,703	-	62,200	15,291
	126,703	56,599	62,200	43,431

12.2 Deferred Tax Expenses / (Income)

For the year ended 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred tax expense / (income) arising due to origination and reversal of timing differences	(126,651)	102,026	(734)	799

Notes to the Financial Statements

13. Deferred Tax

Deferred Income taxes are calculated on all temporary differences under the liability method using the principal tax rate of 15% for Eco Spindles (Pvt) Ltd and 30% (2022-14%) for all other companies.

13.1 Deferred Tax Liability/(Assets)

	Group		Company	
As at 31 March	**2024 Rs. '000**	**2023 Rs. '000**	**2024 Rs. '000**	**2023 Rs. '000**
Balance as at Beginning of the Year	478,694	228,767	271,292	131,531
Provision / (Reversal) Made During the Year				
Due to change in the rate	-	67,458	-	42,052
Due to change in the temporary differences	(76,029)	34,568	(734)	(41,253)
Tax on Land revaluation	-	144,362	-	137,816
Impact on reclassification on cash flow hedging	(50,623)	-	-	-
Impact on Other Comprehensive Income	(10,022)	3,540	-	1,147
Balance as at the end of the Year	342,020	478,694	270,558	271,292

13.1.1 Group

	Statement of Financial Position		Other Comprehensive Income		Income Statement	
As at 31 March	**2024 Rs. '000**	**2023 Rs. '000**	**2024 Rs. '000**	**2023 Rs. '000**	**2024 Rs. '000**	**2023 Rs. '000**
Deferred Tax Liability						
Property Plant and Equipment	387,179	343,957	-	-	43,222	142,694
Deferred tax attributable to land revaluation	240,977	240,977	-	137,816.03	-	-
Unrealized Foreign Exchange Gain	13,240	66,968	-	-	(53,728)	42,997
ROU & Lease creditor	660	(26)	-	-	686	(983)
	642,056	651,876	-	137,816.03	(9,819)	184,707
Deferred Tax Asset						
Employee Benefits Liabilities	(23,830)	(13,942)	(10,022)	3,540	(9,888)	(2,996)
Tax Loss	(224,846)	(158,092)	-	-	(66,754)	(75,419)
Impact on reclassification on cash flow hedging	(50,623)	-	-	-	-	-
Inventory Provision	(737)	(1,148)	-	-	411	(922)
Debtor Provision	-	-	-	-	-	195
	(300,036)	(173,182)	(10,022)	3,540	(76,231)	(79,142)
Deferred tax charge /(Reversal)	-	-	(10,022)	141,356	(86,051)	105,565
Net deferred tax liability /(Asset)	342,020	478,694				

13.1.2 Company

As at 31 March	Statement of Financial Position		Other Comprehensive Income		Income Statement	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Deferred Tax Liability/Asset						
Deferred Tax Liability						
Property Plant and Equipment	38,477	72,770	-	-	(34,294)	42,283
Deferred tax attributable to land revaluation	232,551	232,551	-	137,816	-	-
Unrealized Foreign Exchange Gain	(368)	(29,476)	-	-	29,109	(38,792)
ROU & Lease creditor	(102)	(174)	-	-	73	(174)
	270,558	275,671	-	137,816	(5,113)	3,316
Deferred Tax Asset						
Employee Benefits Liabilities	-	(4,267)	-	1,147	4,267	(1,432)
Tax Loss	-	-	-	-	-	-
Inventory Provision	-	(112)	-	-	112	(79)
Debtor Provision	-	-	-	-	-	140
	-	(4,378)	-	1,147	4,378	(1,370)
Deferred tax charge /(Reversal)	-	-	-	138,963	(734)	1,946
Net deferred tax liability /(Asset)	270,558	271,292				

14. Expense on Retirement Benefit Obligation - Gratuity

14.1 Expense on Defined Benefit Plan

As at 31 March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Current Service Cost	6,860	3,514	1,526	(1,738)
Interest Cost on Benefit Obligation	10,119	6,219	2,560	3,037
	16,979	9,733	4,087	1,299
Actuarial (Gain)/Loss on Obligation	38,289	(12,076)	-	(3,824)
	38,289	(12,076)	-	(3,824)
	55,268	(2,342)	4,087	(2,525)

Notes to the Financial Statements

14.2 Defined Benefit Obligation

Changes in the Present Value of the Defined Benefit Obligation are as follows:

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Defined Benefit Obligation as at the Beginning of the Period	52,291	77,245	14,466	20,248
Interest Cost	10,119	6,219	2,560	3,037
Current Service Cost	6,860	3,514	1,526	(1,738)
Benefits Paid	(17,016)	(22,613)	(3,575)	(3,257)
Transfers	-	-	(14,977)	-
	52,253	64,366	-	18,290
Actuarial (Gain)/Loss on Obligation	38,289	(12,076)	-	(3,824)
Defined Benefit Obligation as at the End of the Period	90,542	52,291	-	14,466

14.3 An Actuarial valuation of the employee retirement benefit liability scheme was carried out by Piyal S Goonetilake and Associates as at 31st March 2024. The principle assumptions used are follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Rate of Interest	12.60%	17.70%	12.60%	17.70%
Rate of Salary Increase	10%	10%	10%	10%
Retirement Age : Male	60 years	60 years	60 years	60 years
: Female	60 years	60 years	60 years	60 years

14.4 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 Statement of Profit or Loss 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 Effect on Profit or Loss` 2024 Rs. '000	Group Performa Post Employment Benefit liability 2023 Rs. '000	Company Effect on Profit or Loss 2024 Rs. '000	Company Performa Post Employment Benefit liability 2023 Rs. '000
Assumed Change in Financial Assumptions				
If Discount Rate Increased By 1%	8,978	3,967	-	1,009
If Discount Rate Decreased By 1%	(10,585)	(4,542)	-	(1,133)
If Salary Increment Rate Increased By 1%	(10,453)	(4,660)	-	(1,136)
If Salary Increment Rate Decreased By 1%	9,012	4,113	-	1,024

14.5 Following Payments are Expected Weighted Average Life Span Obligation on the Future Years:

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Years from the Current Period				
1st Following Year	3,350	2,906	-	601
2nd Following Year	4,034	3,587	-	701
3rd Following Year	4,600	4,312	-	802
4th Following Year	8,852	15,165	-	6,619
5th Following Year	12,755	13,493	-	2,707
Beyond 5 Years	105,175	109,212	-	32,551

15. Trade and Other Payables

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Trade Payable - Related Parties (15.1)	-	-	-	128,590
- Others	251,895	228,229	5,176	27,564
Other Payables	130,762	115,678	2,551	16,664
Sundry Creditors Including Accrued Expenses	41,978	25,677	718	520
	424,634	369,583	8,445	173,338

15.1 Trade Payables - Related Parties

		Company	
As at 31 March	**Relationship**	2024 Rs. '000	2023 Rs. '000
Beira Brush (Pvt) Ltd	Subsidiary	-	128,590
		-	128,590

Notes to the Financial Statements

16. Cash and Cash Equivalents

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
16.1 Favorable Cash and Cash Equivalents Balance				
Cash and Bank Balances	35,446	185,416	2,770	25,839
	35,446	185,416	2,770	25,839
16.2 Unfavorable Cash and Cash Equivalents Balance				
Bank Overdraft	(59,563)	(30,818)	(31,497)	(16,497)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(24,117)	154,598	(28,727)	9,342

17. Other Operating Income

For the year ended 31st March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Rent Income	-	-	1,980	2,640
Solar income	36,747	43,937	8,790	11,364
Sundry Income	8,839	10,437	776	-
Drying charges	-	-	942	1,450
	45,587	54,375	12,489	15,454

18. Finance Income

For the year ended 31st March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Interest Income on FD	-	7,997	-	-
Interest Income	295	510	10	9
	295	8,507	10	9

19. Finance Cost

	Group		Company	
For the year ended 31st March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest Expense on Overdrafts	2,569	2,510	1,506	1,878
Lease interest	4,867	5,475	775	1,259
Interest Expense on Bank Loans	274,471	306,389	1,085	3,801
	281,907	314,374	3,366	6,938

20. Profit/(Loss) Before Tax

Stated after Charging/(Crediting)

	Group		Company	
For the year ended 31st March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Including in Cost of Sales				
Depreciation	291,861	254,497	29,091	33,149
Personnel Costs including the following;				
- Defined Benefit Plan Costs - Gratuity	14,424	7,940	3,755	1,278
- Defined Contribution Plan Costs - EPF & ETF	17,214	16,472	561	792
Including in Administration Expenses				
Personnel Costs including the following;				
- Defined Benefit Plan Costs - Gratuity	2,554	1,793	61	21
- Defined Contribution Plan Costs - EPF & ETF	30,234	28,607	1,723	2,526
Directors' Fees and Emoluments	2,400	2,200	2,400	2,200
Auditors' Remuneration				
Audit Services	2,448	1,308	915	576
Non-Audit Services	1,630	1,003	592	349
Depreciation	24,390	20,066	12,413	9,090
Amortization	498	543	498	543
Provision for slow moving inventory (8.1)	(1,418)	1,850	(372)	134
Including in Selling and Distribution Costs				
Advertising Costs	5,864	9,534	1,589	764

Notes to the Financial Statements

21. Earnings Per Share

21.1 Basic Earnings Per Share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

21.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

	Group		Company	
Amount Used as the Numerator:	**Year ended 2024 Rs. '000**	**Year ended 2023 Rs. '000**	**Year ended 2024 Rs. '000**	**Year ended 2023 Rs. '000**
Net Profit/(Loss) Attributable to Ordinary Shareholders for basic Earnings/(Loss) Per Share	**96,581**	511,160	**27,700**	129,475

Number of Ordinary Shares Used as Denominator:	**As at 2024**	**As at 2023**	**As at 2024**	**As at 2023**
Weighted Average Number of Ordinary Shares in Issue	**306,843,357**	306,843,357	**306,843,357**	306,843,357
Earnings Per Share - Basics/Diluted (Rs.)	**0.31**	1.67	**0.09**	0.42

22. Dividend Per Share

	Group		Company	
	2024	**2023**	**2024**	**2023**
Declared and Paid During the Year				
Dividend on ordinary shares (Rs. '000)	**55,232**	-	**55,232**	-
Dividend per share (Rs.)	**0.18**	-	**0.18**	-

23. Other Component of Equity

Revaluation Reserve

The Revaluation Reserve relates to the net surplus on revaluation of Property, Plant and Equipment.

Hedging Reserve

Cash Flow Hedge

The Group designates its identified foreign currency loans as a hedging instrument in order to hedge the variation in highly probable specifically identified future foreign currency revenue attributable to changes in foreign exchange rates.

The hedge effectiveness is set at 98% as per the contractual terms where the fair value change in the hedge item is 98% efficient in offsetting the fair value change of the liability. The fair value is calculated as the present value of the estimated future cash flows.

The effective portion of the gain or loss on the hedging instrument is recognized in the Cash Flow Hedge Reserve, through Other Comprehensive Income while any ineffective portion is recognized immediately in the Statement of Profit and Loss.

The hedge ineffectiveness can arise from:

(1) Differences in the timing of the cash flows of the hedged items and the hedging instruments

(2) Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments

(3) The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

(4) Changes to the forecasted amount of cash flows of hedged items and hedging instruments

In respect of the cash flow hedge instrument, Group recognized Rs. 366.5 Mn (2022/2023- Rs.772.5 Mn) under cash flow hedge reserve being the Group's portion of the fair value loss recognized by the subsidiaries.

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the Beginning of the Year	(772,543)	(801,269)	-	-
Hedge Adjustment	406,048	28,726	-	-
Balance at the End of the Year	(366,495)	(772,543)	-	-

Notes to the Financial Statements

24. Fair Value

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

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

Cash and short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term floating-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2024, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Fair value hierarchy - Company and Group

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Group	31-Mar-2024 Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000
Non-Financial Assets Measured at Fair Value				
Land	881,138	-	-	881,138

Company	31-Mar-2024 Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000
Non-Financial Assets Measured at Fair Value				
Land	797,700	-	-	797,700

25. Financial Risk Management Objectives and Policies

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

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. It is the Company's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized 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 and deposits.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

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.

Interest Rates Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

		Effect on Profit Before Tax	
	Increase/(Decrease) in Basis Points	**Group Rs. '000**	**Company Rs. '000**
2024	+ 100 basis points	26,830	-
	- 100 basis points	(26,830)	-
2023	+ 100 basis points	31,670	165
	- 100 basis points	(31,670)	(165)

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as LIBOR.

Notes to the Financial Statements

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency sensitivity

The following table demonstrates the sensitivity of net operating cash flows before taxation and derivative financial instruments existing as at 31 March in GBP,CAD and USD to a reasonably possible change of such underlining foreign currencies (GBP, CAD and USD) exchange rate against LKR, with all other variables held constant. The company's exposure to foreign currency changes for all other currencies is not material.

			Effect on Profit Before Tax	
	Foreign Currency	Change in Exchange Rate	Group Rs. '000	Company Rs. '000
2024	GBP	1%	461	-
	CAD	1%	401	-
	USD	1%	(13,468)	-
	AUD	1%	-	-
	NZD	1%	-	-
2023	GBP	1%	202	28
	CAD	1%	249	-
	USD	1%	(19,688)	1,100
	AUD	1%	89	-
	NZD	1%	159	-

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities which includes deposits with banks.

Capital Management

The Company monitors the adequacy of capital structure of the company. In determining the capital structure, the Board of Directors is concerned about the controlling interest of the Parent, BPPL Holdings PLC. The objective of the Company is to maintain a balance between access to funds and flexibility through borrowed funds (Long term /Project loans, short term loans and bank overdrafts) rather than using equity funding. Access to source of funds is sufficiently available and financing for operational purposes has already been secured.

Group	2024 Rs. '000	2023 Rs. '000
Borrowings (Note 11)	2,742,592	3,167,044
Trade and other payables (Note 15)	424,634	369,583
Less: cash and short-term deposits	24,117	(154,598)
Net debt	3,191,343	3,382,029
Equity	4,034,513	3,615,383
Capital and net debt	7,225,856	6,997,412
Gearing ratio	44%	48%

Trade Receivables

Customer credit risk is managed by each company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and contracts are signed and agreed with all credit customers.

Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for Impairment collectively. The calculation is based on actual 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 9. The Company does not hold collateral as security.

Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Treasury Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 9 except for financial guarantees and derivative financial instruments.

Liquidity Risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company 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.

Notes to the Financial Statements

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

Group

As at 31 March 2024	On Demand Rs. '000	Less Than 3 Months Rs. '000	3 to 12 Months Rs. '000	1 to 5 Years Rs. '000	> 5 Years Rs. '000	Total Rs. '000
Interest-Bearing Loans and Borrowings	59,563	-	1,977,488	705,541	-	2,742,592
Trade and Other Payable	-	251,895	-	-	-	251,895
	59,563	251,895	1,977,488	705,541	-	2,994,487

As at 31 March 2023	On Demand Rs. '000	Less Than 3 Months Rs. '000	3 to 12 Months Rs. '000	1 to 5 Years Rs. '000	> 5 Years Rs. '000	Total Rs. '000
Interest-Bearing Loans and Borrowings	30,818	-	1,905,199	1,231,028	-	3,167,044
Trade and Other Payable	-	228,228	-	-	-	228,228
	30,818	228,228	1,905,199	1,231,028	-	3,395,273

Company

As at 31 March 2024	On Demand Rs. '000	Less Than 3 Months Rs. '000	3 to 12 Months Rs. '000	1 to 5 Years Rs. '000	> 5 Years Rs. '000	Total Rs. '000
Interest-Bearing Loans and Borrowings	31,497	-	-	-	-	31,497
Trade and Other Payable	-	5,176	-	-	-	5,176
	31,497	5,176	-	-	-	36,674

As at 31 March 2023	On Demand Rs. '000	Less Than 3 Months Rs. '000	3 to 12 Months Rs. '000	1 to 5 Years Rs. '000	> 5 Years Rs. '000	Total Rs. '000
Interest-Bearing Loans and Borrowings	16,497	-	-	-	-	16,497
Trade and Other Payable	-	27,565	-	-	-	27,565
	16,497	27,565	-	-	-	44,062

26. Commitments and Contingencies

26.1 Capital Expenditure Commitments

Company does not have significant capital commitments and contingencies as at the reporting date.

27. Assets Pledged

	Nature of Assets	Nature of Liability	Carrying Amount Pledged 2024 Rs.	Carrying Amount Pledged 2023 Rs.
BPPL Holdings PLC	Inventory, Trade Receivable ,Land & Building Ingriya	Money market loan - NDB &SCB	-	USD 5,500,000 NDB USD 3,000,000 SCB Combine facility with BPPL Holding
BPPL Holdings PLC	Land & building, Ingriya and Land Padukka	Term Loan - NDB FOR Beira Brush	USD 3,912,000	-
Eco Spindles(Pvt) Ltd	Yarn Plant & Machinery	Term Loan - HSBC	USD 3,500,000 USD 6,373,000	USD 3,500,000 USD 6,373,000
Eco Spindles(Pvt) Ltd	Filament Machinery, Land & Building Maugama	Term Loan - NDB FOR Beira Brush	USD 3,912,000	-
Beira Brush (Pvt) Ltd	Inventory, Trade Receivable, Land & Building, Ingriya	Money market loan - NDB & SCB	-	USD 5,500,000 NDB USD 3,000,000 SCB Combine facility with BPPL Holding
Beira Brush (Pvt) Ltd	Inventory, Trade Receivable	Money market loan - SCB	USD 3,000,000 SCB Combine facility with BPPL Holding	-
Beira Brush (Pvt) Ltd	Plant & Machinery,Ingriya and Plant & Machinery Padukka	Term Loan - NDB	USD 3,912,000	-

28. Events Occurring After the Reporting Date

There were no material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements.

Notes to the Financial Statements

29. Related Party Disclosures

During the period the Company entered into transactions with the following Related Parties.

29.1 Transaction with Group Companies

Company

Terms and Conditions

The sales to and purchases from related parties are made at terms equivalent to those that in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

Nature of Transactions	Subsidiaries Rs. '000	Total 2024 Rs. '000	Total 2023 Rs. '000
Balance as at 1st of April	(128,069)	(128,069)	(306,517)
Sale of Goods	477,370	477,370	673,262
Purchase of Goods	(62,701)	(62,701)	(138,482)
Settlements	(847,446)	(847,446)	(361,800)
Settlement of Liabilities on behalf of the company	567,997	567,997	5,467
Balance as at 31st March	7,152	7,152	(128,069)

29.2 Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions Entered into During the Financial Year Rs. '000	Aggregate value of Related Party Transactions as a % of Gross Revenue	Terms and Conditions of the Related Party Transactions
Beira Brush (Pvt) Ltd	Subsidiary	Sales	477,010	53%	The transactions from related parties are made at terms equivalent to those that in arm's length transaction
		Purchased	(62,701)	-7%	
		Settlement of sales/fund transfer	(760,498)	-84%	
		Expenses paid	481,768	53%	
Eco Spindles (Pvt) Ltd	Sub-Subsidiary	Sales	360	0%	
		Purchased	-	0%	
		Fund Transfer	(86,934)	-10%	
		Expenses paid	86,228	10%	

29.3 Transactions with Directors/ Key Management Personnel

According to LKAS 24, KMPs are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly KMP includes member of Board of Directors and identified senior management personnel of the company and its ultimate parent company BPPL Holdings PLC. Close family members of a KMP are those family members who may be expected to influence or be influenced by, that KMP in their dealing with the company.

Year ended 31 March	2024 Rs. '000	2023 Rs. '000
Group		
Short term employment benefit	20,296	24,102
Post employment benefit	-	3,615
	20,296	27,717
Company		
Short term employment benefit	20,296	19,351
Post employment benefit	-	2,903
	20,296	22,253

29.4 Directors Shareholdings

Name of the Director	Role	2024 No.	2023 No.
Mr. Sarath Amarasinghe	Chairman	NIL	NIL
Dr. Anush Amarasinghe	Managing Director/CEO	NIL	NIL
Mr. Vaithilingam Selvaraj	Director-Finance/ CFO	NIL	NIL
Mr. B D P D Perera	Director-Factory Operations	NIL	NIL
Mr. Ranil Pathirana	NED	NIL	NIL
Mr. Manjula De Silva	INED	NIL	NIL
Mrs. Sharmini Ratwatte	INED	6,200	6,200
Mr. Savantha S De Saram	INED	NIL	NIL

Notes to the Financial Statements

30. Segment Information

For management purposes, the Group is organized into business units based on their products and services and has two reportable segments as follows:

Operating Segments	Brush ware		Filament and Yarn	
For the Year Ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Revenue	4,663,350	5,437,435	2,082,311	2,019,830
Cost of Sales	(3,674,071)	(3,829,783)	(1,996,285)	(1,762,136)
Gross Profit	989,279	1,607,652	86,026	257,694
Other Operating Income	18,819	22,800	29,690	35,664
Foreign Exchange Gain	25,125	(44,723)	(18,635)	81,621
Selling and Distribution Expenses	(240,331)	(359,160)	(41,399)	(40,476)
Administrative Expenses	(290,351)	(347,608)	(175,185)	(193,254)
Net Finance (Cost)/ Income	(144,951)	(162,359)	(136,661)	(143,508)
Profit Before Tax	357,589	716,602	(256,163)	(2,259)
Income Tax Expense	(54,596)	(205,863)	54,794	10,587
Profit for the Year	302,993	510,738	(201,369)	8,328
Assets & Liabilities Balance as at,				
Total Non-Current Assets	4,562,159	2,937,693	3,149,878	3,083,450
Total Current Assets	2,210,525	2,910,866	978,041	919,917
Total Assets	6,772,684	5,848,559	4,127,919	4,003,367
Total Equity	4,366,005	3,577,178	2,615,748	1,408,832
Total Non-Current Liabilities	569,147	466,027	601,737	1,332,071
Total Current Liabilities	1,837,531	1,805,354	910,434	1,262,464
Total Liabilities	6,772,684	5,848,559	4,127,919	4,003,367

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of segments are reflected in the eliminations and adjustments column.

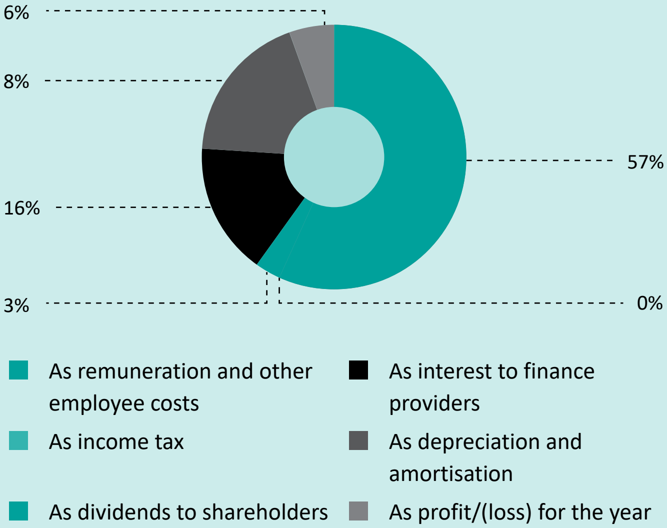
Eliminations and Adjustments		Consolidated	
2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
(1,334,154)	(1,206,374)	5,411,506	6,250,891
1,332,035	1,202,556	(4,338,321)	(4,389,362)
(2,120)	(3,817)	1,073,185	1,861,529
(2,922)	(4,090)	45,587	54,375
-	-	6,490	36,897
-	-	(281,730)	(399,636)
-	-	(465,536)	(540,862)
-	-	(281,612)	(305,867)
(5,043)	(7,907)	96,383	706,436
-	-	198	(195,276)
(5,043)	(7,907)	96,581	511,160
(2,895,864)	(1,324,293)	4,816,173	4,696,850
(251,351)	(756,940)	2,937,215	3,073,843
(3,147,215)	(2,081,233)	7,753,388	7,770,693
(2,947,240)	(1,370,628)	4,034,513	3,615,382
-	-	1,170,884	1,798,099
(199,974)	(710,606)	2,547,991	2,357,212
(3,147,214)	(2,081,233)	7,753,388	7,770,693

Financial Information

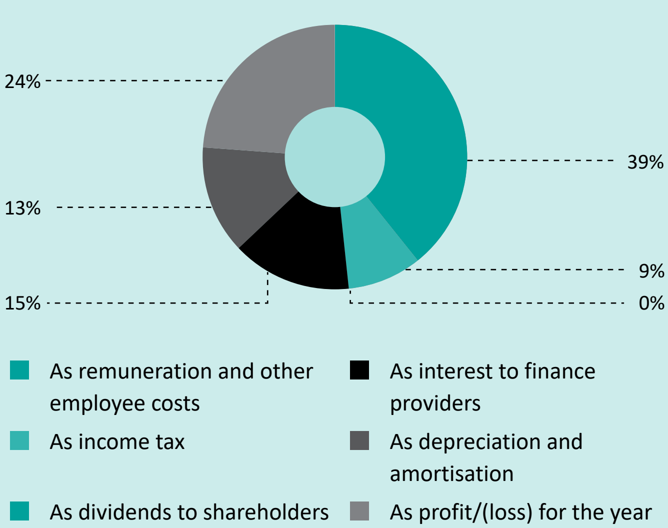
For the year ended 31 March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Turnover	5,411,506	6,250,891	906,286	1,248,565
Other Operating Income/(Loss)	45,587	54,375	12,489	15,454
Finance Income	295	8,507	10	9
Cost of Material & Services	(3,703,253)	(4,170,050)	(495,345)	(897,786)
Value Added	1,754,135	2,143,722	423,440	366,241

For the year ended 31 March	Group				Company			
	2024 Rs. '000	%	2023 Rs. '000	%	2024 Rs. '000	%	2023 Rs. '000	%
Distributed as follows:								
To Employees								
as remuneration and other employee costs	996,407	57	840,497	39	233,674	55	142,438	39
To Government								
as income tax	(199)	0	195,276	9	61,465	15	44,610	12
To Providers of Capital								
as dividends to shareholders	55,232	3	-	0	55,232	13	-	0
as interest to finance providers	281,907	16	314,375	15	3,366	1	6,938	2
Retained in Business								
as depreciation and amortisation	324,207	18	282,415	13	42,002	10	42,781	12
as profit/(loss) for the year	96,581	6	511,160	24	27,700	7	129,475	35

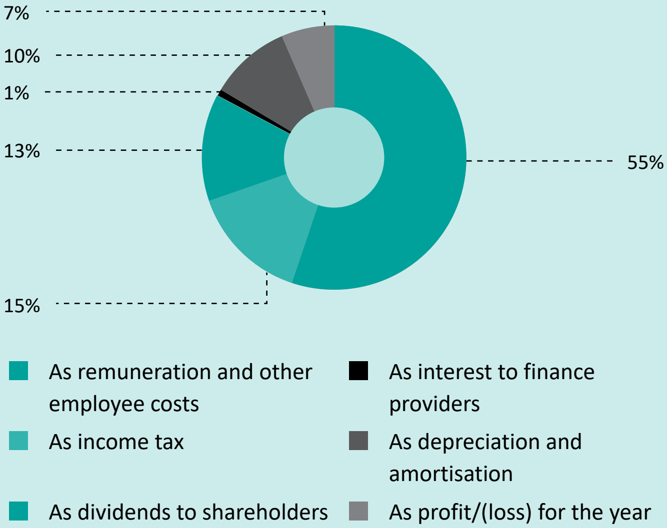
Group – 2024



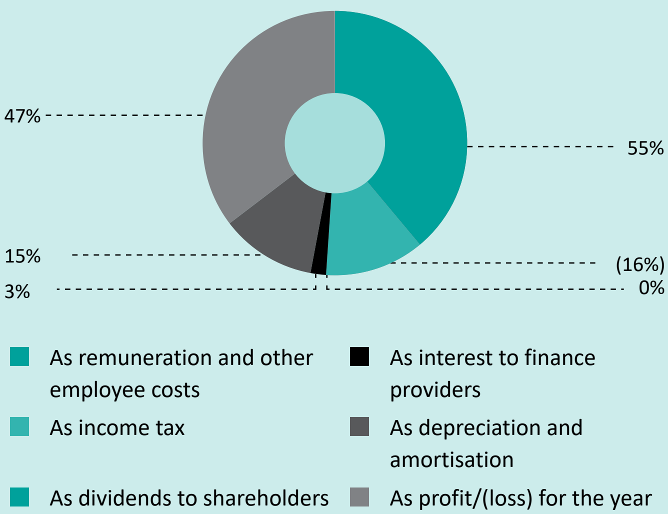
Group – 2023



Company – 2024



Company – 2023



Five Year Summary

For the year ended 31st March	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000
Revenue	5,411,506	6,250,891	4,834,955	3,437,997	2,626,193
Profit Before Tax	96,383	706,436	721,437	609,316	506,747
Taxation	199	(195,276)	(71,739)	(112,415)	(101,192)
Profit for the Year	96,581	511,160	649,699	496,901	405,555
Equity Funds Employed					
Stated Capital	100,372	100,372	100,372	100,372	100,372
Reserves	237,778	(168,270)	(339,127)	398,904	446,038
Retained Earnings	3,696,364	3,683,281	3,307,948	2,741,833	2,328,867
Assets Employed					
Non-Current Assets	4,816,173	4,696,850	4,616,528	3,549,898	3,222,248
Current Assets	2,937,215	3,073,164	3,629,723	2,279,316	1,810,230
Current Liability	2,547,991	2,357,213	2,925,900	1,405,759	1,499,405
Capital Employed (Net Debt Basis)	6,777,106	6,782,427	6,896,377	4,772,825	3,923,107
Cash Flow					
Net Cash Inflow/(Outflow) from Operating Activities	364,297	591,639	166,777	134,843	986,159
Net Cash Inflow/(Outflow) from Investing Activities	(365,622)	(129,857)	(1,028,345)	(775,187)	(376,371)
Net Cash Inflow/(Outflow) from Financing Activities	(177,391)	(378,408)	878,940	164,682	(95,648)
Net Increase/(Decrease) in Cash and Cash Equivalents	(178,715)	83,374	17,372	(475,662)	514,140
Key Indicators					
Current Ratio	1.15	1.30	1.24	1.62	1.21
Gearing Ratio	67%	82%	125%	47%	36%
Asset Turnover Ratio	0.70	0.80	0.59	0.59	0.52
Earnings per Share (Rs)	0.31	1.67	2.12	1.62	1.32
Dividends per Share (Rs)	0.18	-	0.42	0.24	0.42
Net assets per Share (Rs)	13.15	11.78	10.00	10.56	9.37
Return on Equity	2%	14%	21%	15%	14%
Return on Capital Employed	6%	15%	11%	13%	14%
Interest Cover (Times)	1.34	3.31	14.72	19.68	16.05
Dividend Payout Ratio	57%	0%	20%	15%	32%