PGP
GLASS

Annual Report 2021 - 2022

PGP Glass Ceylon PLC

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CORPORATE *Information*

The Board of Directors

Vijay Shah - Chairman
Sanjay Jain - Executive Director & COO
Sanjay Tiwari
Dr. C.T.S.B Perera
R.M.S. Fernando

Audit Committee

Sanjay Tiwari - Chairman
Dr. C.T.S.B Perera
R.M.S Fernando

Remuneration Committee

Vijay Shah - Chairman
Dr. C.T.S.B. Perera
R.M.S. Fernando

Related Party Transactions Review Committee

Vijay Shah - Chairman
Dr. C.T.S.B. Perera
R.M.S. Fernando

Senior Management Team

Sanjay Jain - Executive Director & COO
Palitha Piyanandana - Head of Supply Chain
Niloni Boteju - Financial Controller
Thushara Deshapriya - Head of Domestic Marketing
Damitha Dasanayake - Head of Export Marketing
Sanjeewa Mahendra - Head of Quality Assurance
Naveen Atapattu - Head of Engineering Services
Achini Kandanarachchi - Senior Manager - Human Resources

Company Registration Number

PQ 190

Registered Office

148, Maligawa Road, Borupana, Ratmalana
Telephone: +94 112 635 481-83/ +94 117 800 200
Fax:+94 112 635 484
E-mail: pgp.info@pgpfirst.com
Web: www.pgpglassceylon.com

Factory

Wagawatte Road, Poruwadanda, Horana.
Telephone: +94 344 938 965-67/ +94 347 800 200
Fax:+94 342 258 120

Madampe Road,Pahala Walahapitiya,Nattandiya
Telephone: +94 327 800 200 - 4
Fax:+94 322 255 193

Auditors

Statutory

Messrs. KPMG
Chartered Accountants
32 A, Sir Mohamed Macan Markar Mawatha,
Colombo 03.

Internal

Messrs. Ernst & Young Consulting Services (Pvt) Ltd
201, De Saram Place
P.O.Box 101,
Colombo 10.

Bankers

Citi Bank, N.A
Commercial Bank of Ceylon PLC
People's Bank
Standard Chartered Bank
State Bank of India
Hatton National Bank PLC

Company Secretary and Senior Manager Legal

Mrs. Sagarika Weeraparackrama (Attorney-at-Law)
148, Maligawa Road, Borupana, Ratmalana
Telephone: +94 117 800 200 Ext: 604

Registrars

Messrs. P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road, Colombo 08
Telephone: +94 114 897 711/ +94 114 640 360-3
Fax: +94 114 740 588

Investor Relations

Mrs. Niloni Boteju - Financial Controller
148, Maligawa Road, Borupana, Ratmalana
Telephone: +94 117 800 200 Ext: 615

Legal Advisors

Messrs. FJ&G de Saram
216, De Saram Place, Colombo 10
Telephone: +94 114 718 200

CHAIRMAN'S *Statement*

Dear Shareholders,

On behalf of the Board of Directors, I extend a warm welcome to you all to the 67th Annual General Meeting of PGP Glass Ceylon PLC (PGP) and share with you the achievements and progress we have made during the past year and the future prospects.

We are witnessing an unprecedented economic turmoil in the country wherein we are struggling for the most basic and essential needs of our daily lives, leave aside running a manufacturing organization.

For nearly two years, the world has been struggling with Covid -19 pandemic infecting millions and bringing economic activity to a near standstill with countries imposing travel restrictions and lockdowns. We also experienced over 80 days of lockdown in Sri Lanka in the first half of the year 2021-22. In such difficult times of turmoil and unpredictable scenario, we have been able sustain the financial performance of the organization due to the commitment and dedication of our people.

Our industry being a continuous process industry needs timely availability of its input materials and uninterrupted supply of energy which includes Furnace Oil, LP Gas, Diesel and electricity. Energy availability has been the biggest challenge for sustaining our operations. We have been on tenterhooks for days on end and have been forced to use substandard sources of energy such as Bunker oil which will have an adverse impact on our furnace life.

We are facing unprecedented runaway inflation across the board. The energy prices have increased over 300% due to rupee devaluation, global inflation and price correction. due to the Russia Ukraine conflict. This has directly affected the processing cost and availability of all raw materials and packing materials which has significant impact on the cost of glass bottle production.

All raw materials, packaging materials prices increased by over 100%. In such a situation, ensuring 100% capacity utilization remains a huge challenge and we have been often forced to decrease the draw on the furnace.

We have been compelled to take multiple price increases in both domestic and export markets in order to partially recoup the exceptional cost inflation. Most importantly, we have ensured the continuous supply of glass containers for all domestic food, pharma & beverage industry as they depends 100% on our manufacturing facility for their glass packaging needs.

Our highest priority continues to be to grow the export markets in order to improve the foreign exchange earnings both for the company as well as for the country which is the need of the moment. We have been addressing new markets and new product launches in premium specialty segments in order to improve substantially our profitability too.

Despite the challenging operating environment, your company has delivered a steady performance and crossed a revenue milestone of Rs 10 Billion .PGP Ceylon reported a turnover of Rs. 10.229 Bn and profit after tax(PAT) of Rs 1.915 Bn as against Rs. 8.532 Bn and Rs. 1.096 Bn respectively in the previous year reflecting a y-o-y growth of 20% in revenue and 75% in PAT.

The Domestic sales during the year grew by 23% from Rs. 5.885 Bn in F21 to Rs7.270 Bn in F22 and the Export sales grew by 12% from Rs. 2.647 Bn in F21 to Rs. 2.959 Bn in F22.

We entered the new financial year of F22 with renewed hope and optimism. Unfortunately, Sri Lanka faces multiple challenges, which are beyond the COVID-19 pandemic. The local economy is hit hard by multiple concerns, fueled by depletion of foreign exchange reserve since Apr'22. The economic turmoil continues to create huge challenges and hurdles keeping the management team on its toes in trying to keep the manufacturing and sales operations going.

CHAIRMAN'S *Statement*

LOOKING AHEAD

The Board of Directors declared a total dividend of 50% as two interim dividends of 25% each, amounting to Rs. 0.50 per share.

The current scenario is extremely uncertain, as we have virtually no visibility on energy supplies, rising energy prices, import restrictions & foreign exchange availability. Even for exports, the rising cost of production & higher ocean freights is challenging our competitiveness in the global markets.

We are working very closely with our customers, vendors, government authorities to ensure continuation of our production apart from taking care of our valuable and dedicated employees in this inflationary environment.

We have introduced digitalization solutions and hybrid work culture wherever possible to ensure unhampered working environment and customer service. We continue to make every effort to provide our customers with innovative and efficient solutions by offering new designs. Team PGP believes that we can face this situation with renewed optimism and positivity.

We are committed to ensure uninterrupted supply of glass bottles to all our domestic customers and we believe that the country situation would gradually get back to normalcy. We will have to find unique ways to produce at higher efficiencies and lowest possible costs to remain competitive and sustainable in this unpredictable environment.

As they say - nothing lasts forever, this too shall pass. We are confident that we will get through with resilience and emerge stronger both as a Company and the Country.

APPRECIATION

The performance of our company, during the year, could not be achieved without the untiring efforts, dedication and commitment of all our employees more so in these trying times. I take this opportunity to express my gratitude to them and their families for supporting these efforts. I also thank our valued customers for their unflinching patronage and support.

I also wish to convey my gratitude to the Board of Directors, for their valuable contribution and guidance during the past year. I also appreciate the leadership & management team for their valuable contribution during the financial year. I would fail in my duty if I do not thank our shareholders, for the confidence reposed in us.

I also wish to thank PGP Glass Corporate Team from India for the help and cooperation extended in managerial and operational aspects at all times to the operations here in Sri Lanka.

I take this opportunity to thank the various departments of the Government of Sri Lanka, Board of Investment, Ceylon Petroleum Corporation, Ceylon electricity Board, Litro Banks, other institutions, all vendors and clients that extended assistance to PGP Glass Ceylon.

I thank you for your continued faith in us over the past years. We look forward to your support in the coming years too.

I would like to reiterate that our Company's path to excellence is deep rooted, which drives us towards creating long term value for all our stakeholders.

Vijay Shah
Chairman
10th May 2022

REPORT ON THE AFFAIRS *of the Company*

TO THE SHAREHOLDERS

The Board of Directors have pleasure in presenting the 67th Annual Report and the Audited Financial Statement of the Company for the year ended 31st March 2022.

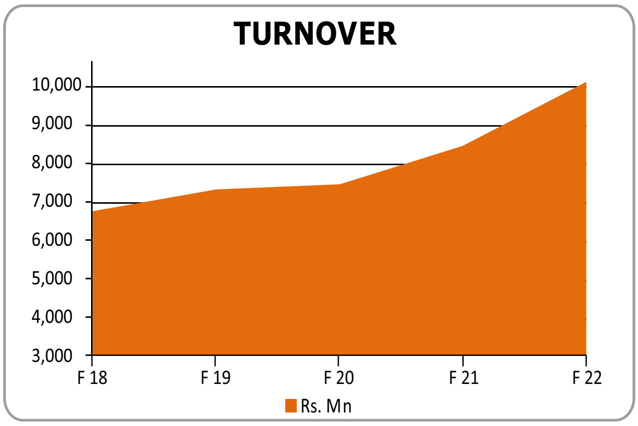
REVIEW OF THE YEAR

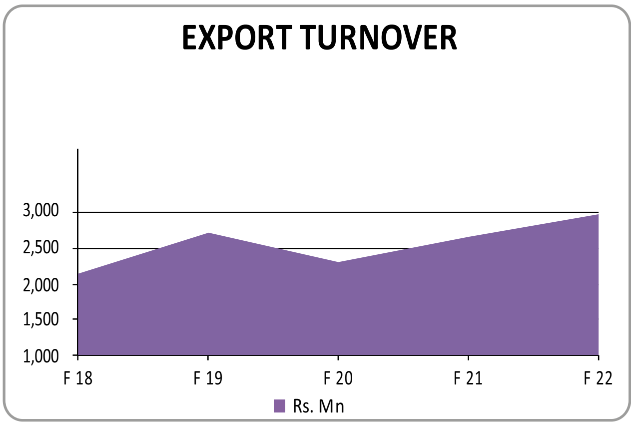
The Chairman's statement describes in brief of the Company's affairs and the performance during the year and also mentions the events occurring after the reporting date.

SALES HIGHLIGHTS

The company crossed the 10Bn mark in revenue by achieving Rs. 10,229Mn with a growth of 19.8% over previous year.

The Domestic Market achieved Rs. 7,270Mn with a growth of 24% as against Rs. 5,884Mn in F21 whilst the Exports were at Rs. 2,959Mn as against Rs. 2,647Mn of the previous year.





All figures in Rs. Mn

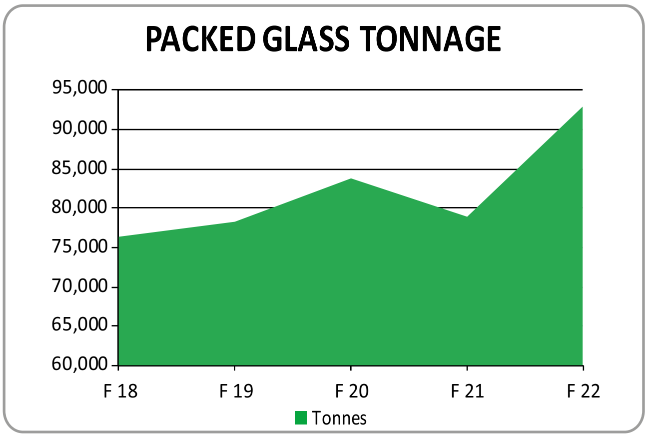
	F 18	F 19	F 20	F21	F22
TURNOVER	6,816	7,398	7,531	8,532	10,229

All figures in Rs. Mn

	F 18	F 19	F 20	F21	F22
EXPORT	2,136	2,708	2,300	2,647	2,959

PRODUCTION HIGHLIGHTS

Despite the challenges faced during the year the company ensured an unhampered production run through out. Also many new products were successfully developed and commercialized in varied shapes & designs during for Domestic as well as international customers.



All figures in Tonnes

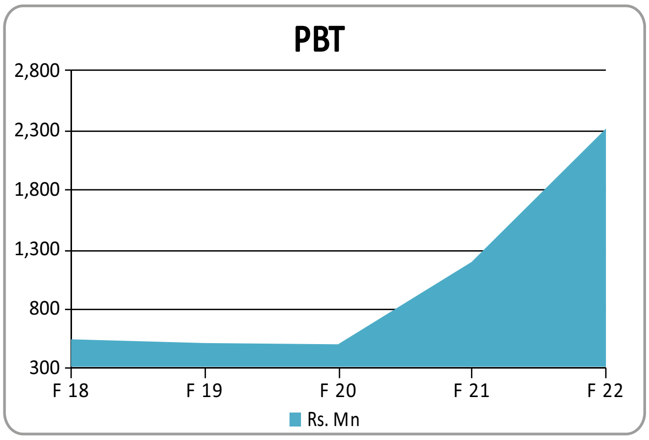
	F 18	F 19	F 20	F21	F22
PACKED	75,932	77,795	83,101	78,425	92,020

REPORT ON THE AFFAIRS *of the Company*

OPERATING INCOME

Gross Profit Margin improved by 47% in F22 as compared with F21.

The PBT for Year stood at Rs. 2,336 Million in F22 as against Rs. 1,191 Million in F21 whilst PAT grew by 75% to Rs. 1,915Mn as against 1,096Mn of the similar period previous year.



All figures in Rs. Mn

	F 18	F 19	F 20	F21	F22
PBT	541	510	495	1,191	2,336

PRINCIPAL ACTIVITY

Principal activity of the Company is the manufacturing and sale of Glass Containers.

The Company's ownership of Land and Building are as follows,

		Extent (Acres)	Value (Gross) Rs. Mn	Buildings Nos.
Ratmalana	- Freehold Land	0.7	33.9	02
Nattandiya	- Freehold Land	54	99.0	05
Horana	- Leasehold Land	31	34.3	08

CURRENCY

All figures appearing in the Financial Statements are in Sri Lanka Rupees and denoted as"Rs."

FINANCIAL RESULTS

	2022 Rs. 000'	2021 Rs. 000'
Revenue	10,229,011	8,531,802
Cost of Sales	(7,423,567)	(6,619,612)
Gross Profit	2,805,444	1,912,190
Other Operating Income	125,541	111,622
Selling and Distribution Expenses	(205,812)	(175,515)
Administrative Expenses	(230,431)	(388,723)
Operating Profit	2,494,742	1,459,574
Finance Costs	(159,215)	(269,312)
Finance Income	424	573
Profit before Tax	2,335,951	1,190,835
Income Tax Expense	(421,406)	(95,054)
Profit for the Year	1,914,545	1,095,781

REPORT ON THE AFFAIRS *of the Company*

EMPLOYMENT	**2022**	**2021**
Total employment as at 31st March	485	485

CAPITAL EXPENDITURE AND INVESTMENTS

During the year the Company's cash out flow on Property, Plant and Equipment was to the aggregate value of Rs. 279,685,963/- (Year Ended 31 March 2021 Rs. 378,941,890/-)
The capital commitments as at the reporting date are disclosed in Note 19.1 to the Financial Statements.

SHARE CAPITAL

The Stated capital as at the end of the year was Rs.1,526,407,485/-, consisting of 950,086,080 number of ordinary shares.

SHARE HOLDINGS	**2022**	**2021**
Registered Shareholders as at 31st March	12,255	13,765

The distribution of shares is indicated in page 71 and 72.

EVENTS OCCURRING AFTER THE REPORTING DATE

The events occurring after the reporting date are disclosed in Note 21 to the Financial Statements. No events have taken place since the Reporting date which would require any adjustments or disclosures other than the above.

NAME CHANGE OF THE COMPANY

The name of the company has been changed to PGP Glass Ceylon PLC (formerly known as Piramal Glass Ceylon PLC) with effect from 28.07.2021

THE BOARD OF DIRECTORS

Vijay Shah - Chairman
Sanjay Jain - Executive Director & COO
Sanjay Tiwari
Dr. C. T. S. B. Perera
R. M. S. Fernando

APPOINTMENT OF NEW DIRECTORS

No directors were appointed during the financial year.

PERSONS WHO CEASED TO BE DIRECTORS

No directors were ceased from the Board during the financial year.

DIRECTORS' INTEREST REGISTER

The Directors have made declarations as provided for in section 192 (2) of the Companies Act No. 7 of 2007. The related entries were made in the interest register during the year under review. The related party disclosures are referred to in Note 18.1 to the Financial Statements. The share ownership of directors is indicated below.

DIRECTORS' SHAREHOLDINGS

The Directors' and their spouse's share holdings as at 31st March:

	2022	**2021**
Dr. C. T. S. B. Perera	50,000	50,000
Sanjay Tiwari (Jointly with Spouse)	1,214,166	1,214,166

DIRECTORS' EMOLUMENTS

The remunerations and other benefits made to the Directors during the year are disclosed in Note 18.2

DONATIONS

The donations made by the company during the year are disclosed in Note 4.4.

AUDITORS

The Financial Statements have been audited by Messrs. KPMG, Chartered Accountants of Sri Lanka, who have indicated their willingness to continue in office and a resolution relating to their reappointment, will be proposed at the Annual General Meeting

Fees paid/ provided as at 31st March	2022	2021
Audit Fees	Rs. 1,000,000	-
Non Audit Services	Rs. 558,593	-

As far as the Directors are aware, the auditors do not have any other relationship with the Company or any of its affiliate company.

Sgd. Sanjay Jain	Sgd. R.M.S. Fernando	Sgd. Sagarika Weeraparackrama
Executive Director & COO	Director	Company Secretary

10th May 2022

BOARD OF DIRECTORS

VIJAY SHAH
Chairman
Non Executive, Independent Director

Mr. Vijay Shah is a Director at Piramal Enterprises Limited and Vice Chairman at PGP Glass Private Limited. (formerly, Piramal Glass Private Limited). He was appointed to the Board of PGP Glass Ceylon PLC (Formerly known as Ceylon Glass Company Ltd) in 1999.

Mr.Shah started his career in 1982 as Senior Consultant with Management Structure & Systems Pvt. Ltd., a management consultancy organization providing services for large firms such as Larsen & Toubro (L&T), Siemens, etc. He joined Piramal Group's Strategic Planning function in 1988 and later moved to Piramal Glass as Managing Director. Under his leadership, Piramal Glass's sales grew from Rs.26 crores in FY1992 to Rs.238 crores in FY2000 (CAGR of 32%). After his successful stint at Piramal Glass, he was entrusted the responsibility of Pharmaceutical formulations business at Piramal Healthcare in 1999. Under his leadership, the company moved from Rank 23 to Rank 4 in Indian Pharma industry, achieving sales of Rs.932 crores in FY2006 (CAGR of ~28% during his tenure). After this turnaround at Piramal Healthcare, he moved back to Piramal Glass as Managing Director in 2006.

Mr. Shah has done B.Com (1980) and is a rank holder of Institute of Chartered Accountants of India (1981). He has also done a Management Education Programme from IIM, Ahmedabad (1987), and Advanced Management Program from the Harvard Business School, Boston, USA (1997).

SANJAY ANAND JAIN
Executive Director & Chief Operating Officer
Executive, Non Independent Director

Mr.Sanjay Anand Jain, former Vice President (Marketing) of Piramal Glass Private Limited (Now known as PGP Glass Private Limited), India appointed as an Executive, Non independent Director and Chief Operating Officer of the Company with effect from 01st April 2019.

Mr. Sanjay Anand Jain was working with Piramal Glass Pvt. Limited since February 2015 as Vice President – Marketing. He has a vast experience of over 30 years in various industries and 20 years in Glass. He holds a degree in B.E. (Production) with Honors from Mumbai University. He is also a certified Chartered Financial Analyst (CFA) from ICFAI.

Mr Jain has also been trained at Indian Institute of Management- Ahmedabad in senior leadership development program.

C. T. S. BANDULA. PERERA
Non Executive, Independent Director

Appointed to the Board of PGP Glass Ceylon PLC (formerly known as Ceylon Glass Company Ltd) in 2003. Dr Perera has served as the Managing Director of Ceylon Glass Company Ltd from July 1995 to March 2002. He served as the first Chairman of SME Bank, Additional Director General of Board of Investment, Sri Lanka and former Chairman of Industrial Development Board and former deputy chairman of Public Utilities Commision. Presently serves as a Director of Kelani Cables PLC and Director on Board of several reputed Companies.

He holds a PhD-CNAA-North Staffordshire UK, BSc (Hons) CNAA - North Staffodshire UK, BSc University of Ceylon and Fellow of the Institute of Metal, Materials & Mining (UK).

SANJAY TIWARI

Non Executive, Non Independent Director

Sanjay Tiwari is presently the Chief Executive Officer of PGP Glass USA Inc. In addition, he is overseeing the Global Specialty, Food & Pharma business of PGP Glass Pvt Ltd as Chief Operating Officer. He continues to be a Director on the Board of PGP Glass Ceylon PLC.

Appointed to the Board of PGP Glass Ceylon PLC (Formerly known as Piramal Glass Ceylon PLC) in December 2005 as the CEO and Executive Director. After his efficacious stint at Piramal Glass Ceylon PLC, Sri Lanka and Piramal Glass Pvt Ltd, India, he has been entrusted with the responsibility of US operations with effect from 1st April 2019 along with strategically overseeing Sri Lanka as a Director on Board.

Joined Piramal Group in June 2004 as Vice President-Finance Commercial, heading Accounts, Finance, IT, Logistics and Supply Chain of Piramal Glass Ltd till November 2005.

Before joining the Piramal Group, he worked with Zydus Cadila Healthcare Ltd and Torrent Group as CFO and General Manager Commercial for 12 years. He has diversified experience in various positions in different industries – Textile, Colour Chemicals, Cables, Pharmaceuticals, Bulk Drugs and Glass.

Mr. Tiwari, an alumnus of London Business School, holds a Bachelor's Degree in Commerce from India and is a fellow member of the Institute of Chartered Accountants of India. He has done Advance Financial Management & General Management from the Indian Institute of Management, Ahmedabad, India and is qualified in Executive Management from the University of Michigan, USA and Senior Executive Management from London Business School, UK.

RANJIT. M. S. FERNANDO

Non Executive, Independent Director

Mr.R.M.S.Fernando was first appointed to the Board of PGP Glass Ceylon PLC (formerly known as Ceylon Glass Company Limited and Piramal Glass Ceylon PLC), on the 08th of October 2007.

Mr. Fernando has had a long career in Banking, spending more than a decade each, with three Banks viz The People's Bank, the DFCC Bank , and lastly the state owned National Development Bank (NDB), set up in 1979. In the year 1989 , he was appointed the CEO of the NDB, with a seat on it's Board. During Fernando's tenure as the CEO, the ownership of the Bank was privatized, and the Bank became one among the largest five market Capitalized Companies quoted on the Colombo Stock Exchange.

Since retiring from Banking service in the year 2001, Mr. Fernando was invited by the Government of Sri Lanka, to assume the Post of Secretary to the Ministry of Industrial Policy, Investment Promotion, Entrepreneurship development and Constitutional Affairs. He served in this capacity till the year 2004. In the year following, he was appointed as the Chairman of the Urban Development Authority and later as the Chairman of the National Carrier, Sri Lankan Air Lines. He also served as the Competent Authority for the Ministry of Public Enterprises, directing the restructure/rehabilitation of 26 industrial ventures which had become non-functional.

In addition to serving on the Board of PGP Glass Ceylon PLC, Mr. Fernando is also a Director of CBL Investments Ltd, the Holding Company of the diversified Ceylon Biscuits Group of Companies.

Mr. Fernando holds a honors degree in Law from the University in Colombo, and is a Fellow of both the Chartered Institute of Management Accountants (UK) and the Chartered Institute of Bankers (UK). He is also a Companion of the Chartered Institute of Management (UK), and an Attorney at Law, with a First-Class pass.

CORPORATE GOVERNANCE *Compliance Table*
(Colombo Stock Exchange Circular No. 02/2009 and New Listing Rules)

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	At least two non-executive directors or; at least one third of the total number of directors whichever is higher should be Non-Executive Directors.	Compliant	Four out of Five Directors are Non-Executive Directors.
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher should be independent.	Compliant	Three of the Four Non-Executive Directors are independent.
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format.	Compliant	Non-Executive Directors have submitted the declarations.
7.10.3 (a)	Disclosure relating to Directors	Names of independent Directors should be disclosed in the Annual Report.	Compliant	Please refer page 14 in the Annual Report.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of Expertise.	Compliant	Please refer page 9-10 in the Annual Report.
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Names of the members of the Remuneration Committee are available in page 02.
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors a majority of whom can be independent.	Compliant	Remuneration Committee consists of three Non-Executive Directors of which three are independent.
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors.	Compliant	Please refer the Remuneration Committee Report on page 14.
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out;		
		a) Names of Directors comprising the Remuneration Committee.	Compliant	Please refer page 02.
		b) Statement of Remuneration Policy.	Compliant	Please refer the Remuneration Committee Report on page 14 for a brief statement of policy.
		c) Aggregate remuneration paid to Executive & Non-Executive Directors.	Compliant	Please refer page 64
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Compliant	Names of the members of the Audit Committee is available on page 02.
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors a majority of whom can be independent.	Compliant	Audit Committee consists of three Non-Executive Directors of which two are independent.
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	Compliant	COO/Executive Director and the Financial Controller attend by invitation.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	Chairman of the Audit Committee and one member are members of a professional accounting body.
7.10.6 (b)	Audit Committee Functions	Should be as outlined in the Section 7.10.6(b) of the Listing Rules.	Compliant	Please refer page 14.
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	a) Names of the Directors comprising the Audit Committee.	Compliant	Please refer page 02.
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the impacts for such determination.	Compliant	Please refer Audit Committee Report on page 14.
		c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions.	Compliant	Please refer Audit Committee Report on page 14.

CORPORATE GOVERNANCE *Compliance Table (Contd....)*

Rule No.	Subject	Application Requirement	Compliance Status	Details
9.2.1	Related Party Transactions Review Committee	A Listed Company shall have a Related Party Transactions Review Committee with effect from 01.01.2016	Compliant	Names of the members of the RPT Review Committee are available in page 02.
9.2.2	Composition of Related Party Transactions Review Committee	Shall comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors at the option of the Listed Entity.	Compliant	RPT Review Committee consists of three independent Non-Executive directors.
		One Independent non-executive director shall be appointed as Chairman of the Committee.	Compliant	The Chairman of the RPT Review Committee is an Independent non-executive director.
9.2.4	Functions of Related Party Transactions Review Committee	Should be as outlined in the sections 9.2.4 of the Listing Rules	Compliant	Please refer page 15
9.3.2	Disclosure in the Annual Report relating to Related Party Transactions Review Committee	a) Names of the Directors comprising the Related Party Transactions Review Committee	Compliant	Please refer page 02
		b) A Statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors.	Compliant	Please refer page 15
		c) The Policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	Compliant	Please refer page 15
		d) The number of times the Committee has met during the Financial Year.	Compliant	Please refer page 13
		e) A declaration by the Board of Directors in the Annual Report as an affirmative statement of the Compliance with these Rules pertaining to Related Party Transactions or negative statement in the event the Entity has not entered into any Related Party Transaction/ s.	Compliant	Please refer page 17

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of RPT entered into during the Financial Year	Aggregate value of RPT as a % of Revenue/ Income	Terms & Conditions of the RPT
			Rs.		
PGP Glass Private Limited - India	Parent Company	Purchasing of Bottles	295,205,174	2.9%	Note 1
		Purchasing of Lids	1,671,571	0.0%	Note 1
		Sale of Bottles	28,958,325	0.3%	Note 1
		Technical Fees	193,304,686	1.9%	Note 2
		Maintenance Cost for ERP & Network systems	52,636,970	0.5%	Note 2
PGP Glass - USA, INC.	Fellow Subsidiary	Sale of Bottles	253,145,507	2.5%	Note 1

Note 1 - At terms equivalent to those that prevail in arm's length transactions.
Note 2 - As per the agreement entered into between the two companies. Refer Audited Financial statement Note 4.4.

CORPORATE GOVERNANCE

ATTENDANCE OF DIRECTORS AT MEETINGS

AT BOARD MEETINGS

The Board of the Company met five (05) times during the financial year 2021 - 22 , on the following dates:

(1) 08th April, 2021 (2) 14th May, 2021 (3) 22nd July, 2021 (4) 10th November, 2021 (5) 11th February, 2022

The attendance of the Directors at the Board Meetings and the last Annual General Meeting held on 22nd July, 2021 were as under:

Name of Director	Board Meetings		AGM
	Held during their tenure	Attended	
Vijay Shah - Chairman	5	5	✓
Sanjay Jain - Executive Director & COO	5	5	✓
Sanjay Tiwari	5	5	✓
C.T.S.B.Perera	5	5	✓
R.M.S.Fernando	5	5	✓

AT AUDIT COMMITTEE MEETINGS

During the financial year 2021-22, five (05) Audit Committee Meetings were held on the following dates:

(1) 23rd April, 2021 (2) 14th May, 2021 (3) 22nd July, 2022 (4) 08th November, 2021 (5) 22nd February, 2022

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Director	Designation	Category	Audit Committee Meeting	
			Held during their tenure	Attended
(1) Sanjay Tiwari	Chairman	Non - Executive Non Independent Director	2	2
(2) C.T.S.B.Perera	Member	Non - Executive Independent Director	5	5
(3) R.M.S.Fernando	Member	Non - Executive Independent Director	5	5

Mr. Sanjay Tiwari has been appointed as the Chairman of the Audit Committee with effect from 01st August 2021. He has attended for the last two meeting as a member and the Chairman of the Audit Committee. Mr. Vijay Shah has resigned from the Audit Committee on the same date. He has attended for the first three Audit Committee Meetings of the Financial Year as the Chairman of the Committee.

AT REMUNERATION COMMITTEE MEETINGS

The Remuneration Committee met on 14th May, 2021 for the financial year 2021 - 22. The constitution of the committee and the attendance of each member of the committee is given below;

Name of the Director	Designation	Category	Remuneration Committee Meeting	
			Held during their tenure	Attended
(1) Vijay Shah	Chairman	Non - Executive Independent Director	1	1
(2) C.T.S.B.Perera	Member	Non - Executive Independent Director	1	1
(3) R.M.S.Fernando	Member	Non - Executive Independent Director	1	1

AT RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETINGS,

During the financial year 2021-22, four (04) RPT Review Committee Meetings were held on the following dates:

(1) 14th May, 2021 (2) 22nd July, 2021 (3) 10th November, 2021 (4) 11th February, 2022

The constitution of the committee and the attendance of each member of the committee is given below;

Name of the Director	Designation	Category	RPT Review Committee Meeting	
			Held during their tenure	Attended
(1) Vijay Shah	Chairman	Non - Executive Independent Director	4	4
(2) C.T.S.B.Perera	Member	Non - Executive Independent Director	4	4
(3) R.M.S.Fernando	Member	Non - Executive Independent Director	4	4

The Company Secretary is the Secretary to the Committees.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT

A Listed Company shall have a Remuneration Committee in conformity with the following requirements.

This committee shall comprise of a minimum of two independent non-executive directors (in instances where a company has only two directors on its Board); or Non-executive directors, a majority of whom shall be independent, whichever shall be higher. One non-executive director shall be appointed as Chairman of the Committee by the Board of Directors.

The Remuneration Committee is a sub-committee of the Board and the Company's Remuneration Committee consists of three non-executive directors of which three are independent Directors.

The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Operating Officer of the listed company and/or equivalent position thereof, to the board of the listed company, which will make the final determination upon consideration of such recommendations.

The Committee has acted within the parameters set by its terms of reference.

The COO/Executive Director attends the Committee meetings by invitation. However, he does not participate in any discussion pertaining to his remuneration.

The remuneration packages linked to the individual performances are aligned with the Company's long-term strategy.

The Term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received in consideration of employment with the listed company.

The aggregate remuneration paid to Executive and Non Executive Directors are disclosed in page 64. The members of the Remuneration Committee are disclosed in page 02.

Sgd. Vijay Shah
Chairman

10th May 2022

INDEPENDENT DIRECTORS

The Independent directors are Dr.C.T.S.B. Perera, Mr. R.M.S. Fernando and Mr. Vijay Shah. The board is of the opinions that they are independent directors, notwithstanding the fact that they have been directors of the Company continuously for periods exceeding nine years. It has been so determined taking to account the experiences, qualifications and the industry experiences they possess.

AUDIT COMMITTEE REPORT

A Listed Company shall have an Audit Committee. The Audit Committee is established for the purpose of assisting the Board in fulfilling their oversight responsibilities regarding the integrity of the Financial Statements, risk management, internal control and compliance with legal & regulatory requirements, assessment of the independence and performance of the external auditors and internal audit function, make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

The Audit Committee is formally constituted as a Sub-Committee of the Main Board, to which it is accountable.

Audit committee shall comprise of a minimum of two independent non-executive directors (in instances where a company has only two directors on its Board); or Non-executive directors, a majority of whom shall be independent, whichever shall be higher. One non-executive director shall be appointed as Chairman of the Committee by the Board of Directors.

Mr. Sanjay Tiwari appointed as the Chairman of the Audit Committee with effect from 01st August 2021 and now the Company's Audit Committee consists of two non-executive independent Directors and one Non-Executive non-Independent Director. The members of the Audit Committee are disclosed in page 02.

Meetings of Audit Committee

Five meetings were held during the year ended 31st March 2022. The Internal Auditors attended all of these meetings.

Internal Auditors

The internal audit function is outsourced to Messrs. Ernst & Young Consulting Services (Pvt) Ltd Sri Lanka. Internal Auditors directly submitted their findings to Audit Committee quarterly and their reports are made available to External Auditors.

External Auditors

The Audit committee reviews the independence and objectivity of the external auditors and conducts a formal review of effectiveness of the external audit process. The committee reviewed the non audit services and its impact on the independence of the external auditors. Messers KPMG appointed as the external auditors of the company with effect from 01.04.2022. The Audit Committee has recommended to the Board of Directors that Messers. KPMG to be continued as the auditors for the financial year ending 31st March 2023.

Audit Committee Performance

The Annual Performance of Audit Committee was evaluated by other members of the Board of Directors and was deemed to be satisfactory.

Conclusion

The Audit Committee is satisfied that the effectiveness of the organizational structure of the Company and of the implementation of the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with Company's policies and that Company's assets are properly accounted for and adequately safeguarded.

CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

A Listed Company shall have a Related Party Transactions Review Committee on a mandatory basis with effect from 01st January 2016.The Rules relevant to RPT Review Committee are stated under 9.2 of the CSE Listing Rules.

The RPT Review Committee is established for the purpose of reviewing transfer of resources, services or obligations between related parties regardless of whether a price is charged.

According to the section 9.3.2 of the Listing Rules the Listed Entity has to disclose the Related Party Transactions in the Annual Report in the case of Non– recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower. In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue /income (or equivalent term in the Income Statement and in the Case of group entity consolidated revenue) as per the Latest Audited Financial Statements the Listed Entity must disclose the aggregate value of the Related party Transactions entered into with the same Related Party. The formats are given in the Listing Rules.

The company has not entered into any Non-recurrent Related Party Transactions during the Financial year 2021-22. All the Recurrent Related Party Transactions entered by the company are disclosed in page 12 in the Annual Report.

The RPT Review Committee is a sub Committee of the Board and the Company's RPT Review Committee shall comprise of a combination of non-executive directors and independent non-executive directors. The composition of the committee may also include executive directors as the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the committee.

The Company's RPT Review Committee consists of three non-executive independent directors .The members of the RPT Review Committee are disclosed in page 02.

Meeting of the RPT Review Committee

The RPT Review Committee shall meet at least once a calendar quarter. The RPT Review Committee of the company has held four meetings for the quarter ended 31st March 2022.

The RPT Review Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors. The policies and Procedures adopted by the committee for reviewing the Related Party Transactions are set out as per the section 9.3.2 (c) of the new Listing Rules. They are as Follows,

- A Comprehensive report is submitted by the CFO at the end of each quarter to the related party transaction review committee.
- The report consist of detailed information of sales, procurements and all other transactions that has occurred during the given period.
- PGP Glass (Private) Limited, India is a Parent Company & PGP Glass USA Inc, is a Related Party 100% Owned subsidiary of PGP Glass (Private) Limited.
- The Activities and views of the committee have been communicated to the Board of Directors by tabling the minutes of the Committee Meetings.

Sgd. Vijay Shah
Chairman

10th May 2022

MATERIAL *foreseeable Risk Factors*

(As per Rule No 7.6 (VI) of the Listing Rules of the CSE)

Risks are the uncertain events, which could have an adverse effect on the achievement of the organization's operational and financial objectives. Risk Management is the practice of managing the resources of the operation in such way to maintain an acceptable level of risk. The Board of Directors of the Company places special emphasis on the management of business risk, providing assurance that sound system of control are in place in order to manage and mitigate the potential impact of such risks.

PGP Glass Ceylon PLC, being in the Glass Manufacturing industry is exposed to a multitude of risks.

Operational Risk

The Company has designed and implemented a sound system of internal control to prevent operational risks that may arise in day to day activities. The quality and effectiveness of such systems are subject to regular review by the Management and updated with appropriate changes where necessary to suit the changing business environment. Regular internal audits are carried out to ensure that these systems and procedures are being adhered to.

Credit Risk

Credit risk is the potential financial loss arising from the Company's debtors defaulting or failing to pay for goods purchased from the Company within the agreed period. During the year Company was able to manage the Credit Risk whilst capitalizing the good long term relationship built up with the customers.

Liquidity Risk

Liquidity refers to the ability of the Company to meet financial obligations as they become due without affecting the normal operation. During the year under review Company has successfully met its all financial obligations without affecting its day to day operation.

Interest Rate Risk

The exposure to interest rate risk is managed successfully by negotiating better rates by offering sound security and making repayment of loans on time.

Legal Risk

Legal risk arises from legal consequences of a transaction or any other legal implications which may result in unexpected losses to the Company. The Company has placed special emphasis on this and has set up of obtaining outside Experts'/ consultants' opinion regularly.

Reputation Risk

In today's environment, reputation has become an organization's most valuable asset. The Company has recognized the need of maintaining good reputation and in order to protect itself ensure the compliance with all legal and statutory requirements and maintain high standard of ethics and increasing transparency.

Material Issues Pertaining to Employees and Industrial Relations Pertaining to the Entity (As per Rule No 7.6 (vii) of the Listing Rules of CSE)

There were no material issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review which needs to be disclosed.

DIRECTORS' *Responsibilities for the Preparation of Financial Statements*

The responsibilities of the Directors, in relation to the Financial Statements of PGP Glass Ceylon PLC are set out in this Statement. The Auditors' Report sets out the respective responsibilities of the Directors and the External Auditors relating to the Financial Statements and this statement provides additional information. The responsibilities of the Auditors, in relation to the Financial Statements, are set out in the Auditors' Report on pages 18-22 of the Annual Report. The external auditors M/s KPMG, appointed in accordance with the resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake whatever inspections they consider appropriate to enable them to form their opinion on the financial statements.

The directors are required by relevant statutory provisions to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company for that period. The Financial Statement for the year 2021/2022 prepared and presented in this Annual report have been prepared based on new Sri Lanka Accounting Standards (SLFRS) which came to effect from 01^{st} January 2012, are in agreement with the underlying books of account and are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 2000 and the New Listing Rules of the Colombo Stock Exchange. The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement.

Under section 151 (1) of the Companies Act No. 7 of 2007, the Directors of the Company have responsibilities for ensuring that the Company keeps proper books of account of all the transactions and prepares financial statements that give a true and fair view of the state of affairs of the Company and the profit or loss or income and expenditure for the accounting period ending on that balance sheet date. The Directors consider that these Financial Statements have been prepared using appropriate accounting policies, applied consistently, and supported by reasonable and prudent judgments and estimates and is in compliance with applicable Sri Lanka Accounting Standards and provide the information required by the Companies Act, as relevant. Any change to accounting policies and reasons for such change, is disclosed in the "Notes to the Financial Statements".

The Directors are responsible for keeping proper accounting records, and to take reasonable steps as far as practicable to ensure the accuracy and reliability of accounting records, to enable the preparation of financial statements. The Directors have general responsibilities to take reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view of preventing and detecting fraud and other irregularities.

In discharging this responsibility the Directors have instituted a system of internal controls and a system for monitoring its effectiveness. The system of controls provide reasonable and not absolute assurance of safeguarding of Company's assets, maintenance of proper accounting records and the reliability of financial information.

The Board is fully committed to ensure the existence of an effective system of internal control and risk management within the Company and continuously reviews and evaluates the adequacy of and integrity of the systems.

The Directors confirm that the best of their knowledge, all statutory payments relating to employees and Government and other Statutory bodies that were due in respect of the company have been paid where relevant or provided for.

The Directors further confirm that the company is compliance with the Listing Rules Pertaining to Related Party Translations as mentioned in section 9.3.2 of the New Listing Rules. The company has not entered into any Non-recurrent Related Party Transactions during the Financial year 2021-22. All the Recurrent Related Party Transactions entered by the company are disclosed in page 12 in the Annual Report.

The Directors believe, after reviewing the financial position and the cash flow of the Company, that the Company has adequate resources to continue in operation for the foreseeable future and therefore, these Financial Statements are prepared on a going concern basis.

The Directors are of the view that they have discharged the responsibilities as set out in this statement.

By order of the Board

SAGARIKA WEERAPARACKRAMA
Company Secretary & Senior Manager Legal
PGP Glass Ceylon PLC

10^{th} May 2022

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PGP GLASS CEYLON PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of PGP Glass Ceylon PLC ("the Company"), which comprise the statements of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

KPMG

Key audit matters

Revenue recognition	
Refer to the accounting policies in "Note 2.6.3 to the Financial Statements; Revenue from contract with customers:", and "Note 3.1. To the Financial Statements: Revenue"	
Risk Description	**Our responses**
The principal activity of the Company was the manufacturing and sale of glass bottles. The Company recognized revenue from the sale of glass bottles in the amount of Rs.10,229,011,494/- for the year ended 31 March 2022. Under Auditing Standards, we are required to consider that the fraud risk from revenue recognition is a significant risk. We identified revenue recognition as a key audit matter because of its significance to the financial statements. We focused on whether transactions have been recorded in the period in which the Company becomes entitled to record revenue in accordance with SLFRS 15.	Our audit procedures included: • Obtaining an understanding and assessing the design, implementation and operating effectiveness of key controls over the revenue recognition and measurement. • Evaluating the integrity of the general IT control environment and testing the operating effectiveness of key IT application controls over revenue. • Comparing revenue transactions recorded during the current year, on a sample basis, with invoices with customer acknowledgement and credit notes, to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies. • Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying invoices with customer acknowledgement to assess whether the related revenue had been recognized in the correct financial period.

KPMG

Carrying value of Inventories	
Refer to the accounting policies in "Note 2.6.16 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates and assumptions" and "Note 10 To the Financial Statements: Inventories	
Risk Description	**Our responses**
The Inventory balance comprise of raw materials, packing materials, finished goods, work in progress, Consumables and Spares, which forms a significant part of the Company's current assets, amounting to Rs.2.355,546,647/- as at 31 March 2022. Carrying value of inventories is identified as a Key Audit matter because establishing a provision for slow-moving, obsolete and damaged inventory and valuation of inventories involve significant judgments and assumptions exercised by the management.	Our audit procedures included: • Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the supply chain and testing selected key controls over recognition and measurement of inventory and inventory provisioning. • On sample basis, testing the net realizable value by comparing the actual cost with relevant market data. • Attending stock counts as at the year-end. In addition, assessing the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, and expired stocks that are written off in a timely manner and evaluating the results of the other counts performed by the management throughout the period to assess the existence of inventory • Gaining an understanding of the movements in the inventory for the year and assess the adequacy of the provision for nonmoving and slow-moving inventory. • Assessing whether the Company's accounting policies had been consistently applied and the adequacy of the Company's disclosures in respect of the judgment and estimation made in respect of inventory provisioning.

Other matter

The financial statements of the Company as at and for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 14 May 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

KPMG

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, the management is responsible for assessing the Company'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 the management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

KPMG

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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

KPMG

Chartered Accountants

10 May 2022

STATEMENT *of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2022*

	Notes	2022 Rs.	2021 Rs.
Revenue	3.1	10,229,011,494	8,531,801,696
Cost of Sales		(7,423,567,375)	(6,619,612,359)
Gross Profit		**2,805,444,119**	**1,912,189,337**
Other Operating Income	4.1	125,541,183	111,621,629
Selling and Distribution Expenses		(205,811,788)	(175,514,858)
Administrative Expenses		(230,431,255)	(388,722,505)
Operating Profit		**2,494,742,259**	**1,459,573,603**
Finance Costs	4.3	(159,215,321)	(269,311,874)
Finance Income	4.2	423,600	573,078
Profit before Tax	4.4	**2,335,950,538**	**1,190,834,807**
Income Tax Expense	5.1	(421,406,390)	(95,053,540)
Profit for the Year		**1,914,544,148**	**1,095,781,267**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Actuarial (gains)/loss on defined benefit obligations		76,875,795	(18,033,030)
Income tax effect on defined benefit obligations	5.2	(13,068,885)	3,065,615
Deferred tax adjustment on revaluation reserve		4,986,863	-
Gain on financial investments - Fair value through other comprehensive income		(461,920)	(47,544)
Net other comprehensive income not to be reclassified to profit or loss in subsequent years		68,331,853	(15,014,959)
Other comprehensive income for the year - net of tax		**68,331,853**	**(15,014,959)**
Total comprehensive income for the year - net of tax		**1,982,876,001**	**1,080,766,308**
Earnings per share - Basic/Diluted	6	2.02	1.15
Dividend per share		1.08	0.20

The accounting policies and notes on pages 27 through 69 form an integral part of the financial statements.

STATEMENT *of Financial Position as at 31 March 2022*

		2022	2021
ASSETS	**Notes**	**Rs.**	**Rs.**
Non-current assets			
Property, plant and equipment	7	5,679,530,201	6,130,548,425
Right of use assets	8.1	45,157,940	49,630,646
Financial investments	9.1	2,456,880	2,804,800
Other Receivables	11	4,198,638	-
Total non-current assets		**5,731,343,659**	**6,182,983,871**
Current assets			
Inventories	10	2,355,546,647	1,860,154,496
Trade and other receivables	11	2,757,539,184	1,688,566,161
Prepayments		13,451,705	11,317,256
Cash and short term deposits	12.1	182,732,753	125,663,166
Total current assets		**5,309,270,289**	**3,685,701,079**
Total assets		**11,040,613,948**	**9,868,684,950**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	13	1,526,407,485	1,526,407,485
Reserves	14	106,274,081	101,749,138
Retained earnings		4,897,536,929	3,940,466,848
Total equity		**6,530,218,495**	**5,568,623,471**
Non-current liabilities			
Lease liability	8.2	23,872,234	24,676,882
Interest bearing loans and borrowings	9.2	165,166,750	923,166,710
Deferred tax liabilities	5.4	670,982,070	621,404,028
Employee benefit liability	15.1	138,624,199	224,248,626
Total non-current liabilities		**998,645,253**	**1,793,496,246**
Current liabilities			
Lease liability	8.2	6,610,887	8,531,292
Trade and other payables	16	1,906,035,458	870,843,234
Dividends payable	17	59,752,687	34,301,212
Interest bearing loans and borrowings	9.2	1,261,202,346	1,364,539,668
Income tax payable		132,783,609	99,529,512
Bank overdraft	12.2	145,365,213	128,820,315
Total current liabilities		**3,511,750,200**	**2,506,565,233**
Total liabilities		**4,510,395,453**	**4,300,061,479**
Total equity and liabilities		**11,040,613,948**	**9,868,684,950**

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

....
Niloni Boteju
Financial Controller

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

....
R. M. S. Fernando
Director

....
C.T.S.B. Perera
Director

The accounting policies and notes on pages 27 through 69 form an integral part of the financial statements.

10 May 2022
Colombo

STATEMENT *of Changes In Equity for the year ended 31 March 2022*

	Stated Capital	Fair Value Reserve	Revaluation Reserves	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2020	**1,526,407,485**	**1,924,119**	**99,872,563**	**3,041,997,998**	**4,670,202,165**
Total comprehensive income for the year					
Profit for the year	-	-	-	1,095,781,267	1,095,781,267
Other comprehensive income	-	(47,544)	-	(14,967,415)	(15,014,959)
Total comprehensive income	-	(47,544)	-	1,080,813,852	1,080,766,308
Dividend paid	-	-	-	(190,017,216)	(190,017,216)
Unclaimed Dividend Write Back	-	-	-	7,672,214	7,672,214
As at 31 March 2021	**1,526,407,485**	**1,876,575**	**99,872,563**	**3,940,466,848**	**5,568,623,471**
Total comprehensive income for the year					
Profit for the year	-	-	-	1,914,544,148	1,914,544,148
Other comprehensive income	-	(461,920)	-	63,806,910	63,344,990
Total comprehensive income	-	(461,920)	-	1,978,351,058	1,977,889,138
Adjustment on deffered tax	-	-	4,986,863	-	4,986,863
Transactions with owners of the company					
Contribution and Distributions					
Dividend paid					
F21 - Final	-	-	-	(551,049,926)	(551,049,926)
F22 - First Interim	-	-	-	(237,521,520)	(237,521,520)
- Second Interim	-	-	-	(237,521,520)	(237,521,520)
Unclaimed Dividend Write Back	-	-	-	4,811,989	4,811,989
As at 31 March 2022	**1,526,407,485**	**1,414,655**	**104,859,426**	**4,897,536,929**	**6,530,218,495**

The accounting policies and notes on pages 27 through 69 form an integral part of the financial statements.

STATEMENT *of Cash Flows for the year ended 31 March 2022*

	Notes	2022 Rs.	2021 Rs.
Cash flow from operating activities			
Profit before Tax		**2,335,950,538**	**1,190,834,807**
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	7.2	730,594,222	786,165,136
Provision for employee benefit liability	15.1	10,673,406	36,693,236
Provision for slow moving inventories		4,705,000	(6,281,895)
Right of use asset - depreciation		4,472,706	6,598,628
Script dividend income from quoted investment		(114,000)	(126,866)
Finance costs	4.3	159,215,321	269,311,874
Finance income	4.2	(309,600)	(356,052)
(Gain)/Loss on Sale of Property, Plant and Equipment		(356,155)	-
Operating profit before working capital changes		**3,244,831,438**	**2,282,838,868**
Working capital adjustments:			
(Increase) / decrease in inventories		(500,097,151)	231,690,025
(Increase) / decrease in trade and other receivables and prepayments		(1,065,724,911)	(530,159,627)
(Increase) / decrease in trade and other payables		1,035,192,224	(119,994,750)
Cash generated from operations		**2,714,201,600**	**1,864,374,516**
Income tax paid		(346,656,273)	-
Employee benefit liability costs paid	15.1	(19,422,038)	(20,157,412)
Interest paid		(155,551,526)	(267,974,307)
Net cash flow generated from operating activities		**2,192,571,763**	**1,576,242,797**
Cash flows from investing activities			
Acquisition of property, plant and equipment	7.1	(279,685,963)	(378,941,890)
Proceeds from Sale of Property, Plant and Equipment		466,119	-
Finance income	4.2	309,600	356,052
Loans & Advances granted to company officers during the Year		(14,825,601)	(4,829,010)
Repayment of loans & Advances by company officers during the Year		5,244,404	5,212,793
Net cash flow used in investing activities		**(288,491,441)**	**(378,202,055)**
Cash flows from financing activities			
Borrowings of interest bearing short term loans		3,693,000,000	6,884,657,000
Repayments of interest bearing short term loans		(3,588,000,000)	(7,248,657,000)
Repayments of interest bearing long term loans	9.3	(966,999,960)	(715,749,960)
Lease rental paid		(5,726,170)	(7,044,948)
Dividends paid	17	(995,829,502)	(181,651,671)
Net cash flow used in financing activities		**(1,863,555,632)**	**(1,268,446,579)**
Net increase/(Decrease) in cash and cash equivalents		40,524,689	(70,405,837)
Cash and cash equivalent at the beginning of the year	12	(3,157,149)	67,248,688
Cash and cash equivalent at the end of the year	12	**37,367,540**	**(3,157,149)**

The accounting policies and notes on pages 27 through 69 form an integral part of the financial statements.

NOTES *to the Financial Statements Year ended 31 March, 2022*

1. CORPORATE INFORMATION

1.1 REPORTING ENTITY

PGP Glass Ceylon PLC ("Company") is a public limited liability Company (Formerly known as "Piramal Glass Ceylon PLC") incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at No. 148, Maligawa Road, Borupana, Ratmalana and the production facility is located in Horana.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

During the period, the principal activity of the Company was the manufacturing and sale of glass bottles.

1.3 PARENT ENTITY AND ULTIMATE PARENT ENTITY

The Company's parent undertaking is PGP Glass Private Limited (Formally known as "Pristine Glass Private Limited") and the ultimate parent is Blackstone Inc. These two companies are Incorporated in India and United States of America respectively.

1.4 DIRECTIORS RESPONSIBILITY STATEMENT

The Board of Directors is responsible for financial statements of the Company as per Sri Lanka Accounting Standards and the provisions of the Companies Act No 7 of 2007.

1.5 DATE OF AUTHORIZATION FOR ISSUE

The financial statements of PGP Glass Ceylon PLC for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the Board of Directors on 10 May 2022.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements of the Company, which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No 7 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

2.1.1 Basis of Measurement

The financial statements of the Company have been prepared on the historical cost basis, except for the following items in the Statement of Financial Position:

- Debt instruments fair value through Other Comprehensive Income
- Equity instruments fair value through Other Comprehensive Income
- Retirement Benefit obligations.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. There was no change in the Company's presentation and functional currency during the current year.

NOTES *to the Financial Statements Year ended 31 March, 2022*

2.3 COMPARATIVE INFORMATION

Presentation and classification of the Financial Statements of the previous period have been amended, where relevant for better presentation and to be comparable with those of current period. These have not resulted any change in results of the Company.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

Estimates and Assumptions

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

A) Judgement

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

B) Assumptions and estimation uncertainties

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

- Notes 2.6.22 - Employee Benefit Liability
- Note 2.6.11 & Note 7.4 – Depreciation
- Note 2.6.12 – Leases
- Notes 2.6.14 – Impairment losses on trade and other receivables
- Note 2.6.16 – Allowance for Slow moving inventories
- Notes 2.6.21 and 2.6.24 – Provisions, Commitments and Contingencies
- Note 2.6.10 – Taxation

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Management.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5 USE OF MATERIALITY, OFFSETTING AND ROUNDING

2.5.1 Materiality and aggregation

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

Notes to the Financial Statements are presented in systematic manners which ensure the understandability and comparability of Financial Statements of the Company.

Understandability of the Financial Statements is not compromised by observing material information or by aggregating material items that have different nature of functions.

2.5.2 Offsetting

Assets and liabilities and income and expenses in the Financial Statements are not set-off unless regained by Sri Lanka Accounting Standards.

2.5.3 Rounding

The amounts in the Financial Statements have been rounded off to the nearest rupees, except where otherwise indicated.

2.5.4 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current / non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NOTES *to the Financial Statements Year ended 31 March, 2022*

The Company classifies all other liabilities as noncurrent.

2.6 SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following significant accounting policies to all periods presented in the Financial Statements by the Company, except as mentioned otherwise.

The Institute of Chartered Accountants of Sri Lanka has issued number of new amendments to Sri Lanka Accounting Standards (SLFRSs / LKASs) that are effective for the current financial year. These amendments and interpretations did not have any significant impact on the reported Financial Statements of the Company.

2.6.1 Foreign Currency Translation

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in 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.

2.6.2 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the ''Indirect Method'' of preparing cash flows in accordance with Sri Lanka Accounting Standards – LKAS 7 on Statement of Cash Flows, whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.6.3 Revenue from Contracts with Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue that are in the scope of SLFRS 15.

2.6.4 Sale of Goods

Revenue from sale of goods is recognized when the control of the goods have passed to the buyer, usually on delivery of the goods; with the Company not retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

This will be consistent with current practice. As a result, no adjustment is expected on transition to SLFRS 15 for those contracts currently recognized at a point in time. SLFRS 15 adoption impact is only for the Sale of Goods and other policies below remains the same.

2.6.5 Finance Income

Finance income comprises of interest income on funds invested. Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

NOTES *to the Financial Statements Year ended 31 March, 2022*

2.6.6 Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.6.7 Other income

Other income is recognized on an accrual basis.

Net gains and losses on the disposal of property, plant & equipment have been accounted for in the statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment before the date of transition to SLFRS, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

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

2.6.8 Expenses

Expenses are recognized in the statement of profit or loss 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 income in arriving at the profit for the year.

For the presentation of the Statement of Profit or Loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the Company's performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognized in the statement of profit or loss. Repairs and renewals are charged to the Statement of Profit or Loss in the year in which the expenditure is incurred.

2.6.9 Finance cost

Finance costs comprise interest expense on borrowings and leases, unwinding of discounts on provisions and fair value losses on financial assets at fair value through profit or loss and impairment losses recognized on financial assets (other than trade receivables).

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

2.6.10 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

IFRIC 23 'Uncertainty over income tax treatments' provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there in an uncertainty over the income tax treatment.

NOTES *to the Financial Statements Year ended 31 March, 2022*

The Company has applied significant judgment in identifying uncertainties over income tax treatments for the year and the Company has determined that there were no uncertainties in tax treatments for the year and the Company has determined that there were no uncertainties in tax treatments that has an impact on the income tax expenses or any disclosures.

Current Income Tax

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

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

Deferred Tax

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

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

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 credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. The management has taken steps to carry out the required study in respect of transfer pricing regulation and has accordingly used critical judgments and estimates in applying the regulations in aspects including but not limited to estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

2.6.11 Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

The cost of certain items of property, plant and equipment at 1 April 2011, the Company's date of transition to the Standards, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

Capital work-in-progress

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. 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.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

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

2.6.12 Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

NOTES *to the Financial Statements Year ended 31 March, 2022*

The right of use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

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

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

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

The Company presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the Statement of Financial Position.

Short term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities of leases of low-value assets and short-term leases. The Company recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.6.13 Borrowing Costs

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using Company's weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for development, but only where activities necessary to prepare the asset for redevelopments are in progress.

2.6.14 Financial Instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

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

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

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

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

Financial assets – Business model assessment:

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

NOTES *to the Financial Statements Year ended 31 March, 2022*

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed an whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limits the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

Financial assets – Subsequent measurement and gains and losses

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

Impairment

Non derivative financial assets

Financial instruments and contract assets Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

NOTES *to the Financial Statements Year ended 31 March, 2022*

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

2.6.15 Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

a) Loans and Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 9.2.

Derecognition

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

2.6.16 Inventories

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

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

Raw Materials	-	At actual cost on weighted average basis
Finished Goods & Work-in-Progress	-	At the cost of direct materials, direct labour and an appropriate proportion of fixed and variable production overheads based on normal operating capacity in producing each design. (Standards costing)
Consumables & Spares	-	At actual cost on weighted average basis
Goods in Transit	-	At actual cost

2.6.17 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

2.6.18 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) 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 or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculations on detailed budgets and forecasts which are prepared separately for each of the Company’s cash-generating units to which the individual assets are allocated. These budgets and forecasts are generally covering a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

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 Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES *to the Financial Statements Year ended 31 March, 2022*

2.6.19 Cash and Short-Term Deposits

Cash and short-term deposits 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 short-term deposits 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.

2.6.20 Dividend Distributions

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

2.6.21 Provisions

Provisions are recognized when the Company 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.

2.6.22 Employee Benefits

A) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available

a) Employees' Provident Fund

The Company and employees contribute 12% and 8%, respectively, on the salary of each employee to the Employees' Provident Fund (EPF).

b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund (ETF). These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'. Obligations for contributions to defined contribution plans are recognized in profit or loss as the related service is provided.

c) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

NOTES *to the Financial Statements Year ended 31 March, 2022*

That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits'. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company.

An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portions of the increased benefits related to past service by employees are recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The assumptions based on which the results of actuarial valuation was determined, are included in Note 15 – Employee Benefits, to the Financial Statements.

The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in other comprehensive income and all expenses related to defined benefit plan in employee benefit expense in profit or loss.

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

d) Lump-sum Payments to Employees

Provision has been made in the Financial Statements for lump-sum allowances payable to employees by the collective agreement decided by the management and trade union.

2.6.23 Events after the Reporting Period

All material post reporting period events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the Financial Statements

2.6.24 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Commitments and Contingencies are disclosed in Note 19 to the Financial Statements.

2.6.25 Standards issued but not yet effective

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

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has analysed the contracts existing at 31 March 2022 and determined that if it considered both the incremental costs and an allocation of other direct costs to fulfil the contracts for the purposes of the onerous contracts assessment, as required by the amendments, then none of these contracts would be identified as onerous.

NOTES *to the Financial Statements Year ended 31 March, 2022*

2.6.25.2. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Company accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Company will recognise a separate deferred tax asset and a deferred tax liability as at 31 March 2022, the taxable temporary difference in relation to the right-of-use asset is Rs. 45,157,940/- and the deductible temporary difference in relation to the lease liability is Rs. 30,483,121/- , resulting in a net deferred tax liability of Rs. 2,494,719/- (Note 5.5). Under the amendments, the Company will present a separate deferred tax liability of Rs. 7,676,850/- and a deferred tax asset of Rs. 5,182,131/-. There will be no impact on retained earnings on adoption of the amendments.

Other standards

The following new and amended standards are not expected to have a significant impact on the financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SLFRS 16).
- Annual Improvements to SLFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16).
- Reference to Conceptual Framework (Amendments to SLFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1).
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to LAKS 8).

NOTES *to the Financial Statements Year ended 31 March, 2022*

3. SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on its customer location and has two reportable segments, namely, local sales and export sales.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

3.1 Revenue

	2022 Rs.	2021 Rs.
Revenue from Sale of Goods (**Note -3.2**)	10,229,011,494	8,531,801,696
	10,229,011,494	**8,531,801,696**

3.2 Sale of Goods

Local Sales		
- In House Production	6,787,339,479	5,294,440,983
- Trading	482,755,843	590,023,413
Total Local Sales	**7,270,095,322**	**5,884,464,396**
Export Sales		
- In House Production	2,958,150,383	2,646,309,200
- Trading	765,789	1,028,100
Total Export Sales	**2,958,916,172**	**2,647,337,300**
Total Sales	**10,229,011,494**	**8,531,801,696**

4. OTHER INCOME/EXPENSES

4.1 Other Operating Income

	2022 Rs.	2021 Rs.
Income from Solar Power Generation	90,859,698	89,746,091
Sundry Income	34,681,485	21,875,538
	125,541,183	**111,621,629**

4.2 Finance Income

Interest income	267,974	211,541
Interest income on loans given to company officers	41,626	144,511
Income from investments - Quoted	114,000	217,026
	423,600	**573,078**

4.3 Finance Costs

Interest Expense on Overdrafts	2,715,910	2,420,208
Interest Expense on Short Term Borrowings	38,187,792	53,604,596
Interest Expense on Long Term Borrowings	115,310,502	209,868,394
Interest Expense on Lease Liability	3,001,117	3,418,676
	159,215,321	**269,311,874**

NOTES *to the Financial Statements Year ended 31 March, 2022*

4. OTHER INCOME/EXPENSES (Contd...)

4.4 Profit Before Tax

		2022 Rs.	2021 Rs.
Stated after Charging/(Crediting)			
Directors' fees and emoluments		40,885,109	39,231,203
Audit fees	- Charge for the Year	1,000,000	843,203
	- Under/(Over) provision in respect of prior year	41,262	(855)
Technical Fee		193,304,686	157,346,644
Depreciation of property, plant & equipment		730,594,222	786,165,135
Personnel costs including the following;			
- Employee benefit plan costs - Gratuity		10,673,405	36,693,235
- Defined contribution plan costs - EPF & ETF		56,586,000	55,102,498
(Gain)/Loss on Sale of Property, Plant and Equipment		(356,155)	-
Donations		556,384	1,163,364
Exchange (Gain)/Loss		(233,854,573)	(50,520,312)
Provision for Impairments - Trade Receivables		22,988,380	(17,323,981)

Technical Fee represents the amount payable to PGP Glass Private Limited - India for the technical advises and assistance provided during the Year as per the agreement entered into between the two companies. As per the agreement, if the Company achieved positive Profit before Royalty Fee, Interest, Depreciation and Tax, the amount payable is 2% of the Net Sales Value of the locally manufactured products.

5. INCOME TAX

The major components of income tax expense for the Years ended 31 March 2022 and 31 March 2021 are:

5.1 Statement of Profit Or Loss

	2022 Rs.	2021 Rs.
Current income tax:		
Current tax expense on ordinary activities for the year	384,033,949	226,825,683
Economic Service Charge Write off	-	11,170,784
Under/(Over) provision of current taxes in respect of prior year	(4,123,579)	-
Deferred tax:		
Deferred taxation charge/(Reversal)	41,496,020	(142,942,927)
Income tax expense reported in the statement of profit or loss	**421,406,390**	**95,053,540**

NOTES *to the Financial Statements Year ended 31 March, 2022*

		2022	2021
5.	**INCOME TAX (Contd…)**	**Rs.**	**Rs.**
5.2	**Statement of Other Comprehensive Income**		
	Actuarial Gains/(Losses) on defined benefit plans	(13,068,885)	3,065,615
	Adjustment to revaluation gain	4,986,863	-
	Income tax charged directly to other comprehensive income	(8,082,022)	3,065,615

5.3 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rates for the Years Ended 31 March 2022 and 31 March 2021 are as follows:

	2022 Rs.	2021 Rs.
Accounting profit before income tax	2,335,950,538	1,190,834,807
Aggregate disallowed items	8,101,131,073	1,457,018,366
Aggregate allowable expenses	(8,349,002,497)	(1,340,225,707)
Taxable profit from trade	**2,088,079,114**	**1,307,627,466**
Investment income	309,600	361,536
Other sources of income	168,897,376	130,607,391
Less : Deductions for assessable income - Business losses	-	(136,100,954)
Taxable Income	**2,257,286,090**	**1,302,495,439**
Tax on taxable income @ 14%	99,023,986	54,598,348
Tax on taxable income @ 18%	260,839,022	140,323,204
Tax on balance taxable income @ 24%	24,170,941	31,904,131
Current Income Tax Expense	**384,033,949**	**226,825,683**
Current tax expense on ordinary activities for the Year	384,033,949	226,825,683
Economic service charge write off	-	11,170,784
Current Income Tax Expense	**384,033,949**	**237,996,467**

The effective tax rates is 16% (2021 : 19%)

NOTES *to the Financial Statements Year ended 31 March, 2022*

5. INCOME TAX (Contd...)

5.4 Deferred Tax

Deferred income taxes are calculated on all temporary differences under the liability method and are measured using an effective tax rate. The movement on the deferred tax account is as follows:

Reconciliation of net deferred tax liability	2022 Rs.	2021 Rs.
Balance as at the beginning of the Year	621,404,028	767,412,570
Charged / (released) to statement of profit or loss	41,496,020	(16,944,904)
Impact of reduction in tax rates	-	(125,998,023)
Adjustment to revaluation gain	(4,986,863)	-
Income tax effect relating to components of other comprehensive income	13,068,885	(3,065,615)
Balance as at the end of the Year	**670,982,070**	**621,404,028**

5.5 Deferred tax assets, liabilities and deferred income tax relate to the following:

	Temporary differences		Statement of financial position		Statement of profit or loss and statement of other comprehensive income	
	2022 Rs.	**2021 Rs.**	**2022 Rs.**	**2021 Rs.**	**2022 Rs.**	**2021 Rs.**
Deferred tax liability						
Property, plant and equipment	4,025,636,135	3,789,884,511	684,358,143	644,280,367	40,077,776	(181,357,159)
Tax effect on revaluation reserve	115,049,703	115,049,703	19,558,450	24,545,313	(4,986,863)	-
ROU assets and Liabilities	14,674,819	-	2,494,719	-	2,494,719	-
	4,155,360,657	**3,904,934,214**	**706,411,312**	**668,825,680**	**37,585,632**	**(181,357,159)**
Deferred tax assets						
Employee benefit liability	138,624,199	224,248,626	(23,566,114)	(38,122,266)	14,556,152	1,122,480
Provision for impairment - Trade receivables	48,783,108	38,407,271	(8,293,128)	(6,529,236)	(1,763,892)	6,728,835
Stock provision	21,000,000	16,295,000	(3,570,000)	(2,770,150)	(799,850)	1,901,009
Unabsorbed tax losses	-	-	-	-	-	25,596,293
	208,407,307	**278,950,897**	**(35,429,242)**	**(47,421,652)**	**11,992,410**	**35,348,617**
Deferred income tax (income) / expense reported in the statement of profit or loss					**41,496,020**	**(142,942,927)**
Deferred income tax (income) / expense reported in the statement of other comprehensive income					**8,082,022**	**(3,065,615)**
Net deferred tax liability reported in the statement of financial position			**670,982,070**	**621,404,028**		

5.6 The effective tax rates used for deferred tax computation is 17% (2021 : 17%)

NOTES *to the Financial Statements Year ended 31 March, 2022*

6. EARNINGS PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/loss for the year attributable to equity holders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year 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.

The following reflects the income and share data used in the Basic/Diluted Earnings Per Share computations:	**2022**	**2021**
Amount used as the numerator:	**Rs.**	**Rs.**
Net earnings attributable to equity shareholders	1,914,544,148	1,095,781,267
Number of ordinary shares used as the denominator:	**Number**	**Number**
Weighted average number of ordinary shares in issue	950,086,080	950,086,080
Basic earning per share (Rs.)	2.02	1.15

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year, hence diluted earnings per share is equal to the basic earning per share.

NOTES *to the Financial Statements Year ended 31 March, 2022*

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.04.2020	Additions during the year	Transfers during the year	Disposals during the year	Balance as at 31.03.2021	Balance as at 01.04.2021	Additions during the year	Transfers during the year	Disposals during the year	Balance as at 31.03.2022
7.1 At Cost	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Freehold Land	132,870,000	-	-	-	132,870,000	132,870,000	-	-	-	132,870,000
Buildings	2,229,369,280	51,475,768	61,799,350	(17,277,514)	2,325,366,884	2,325,366,884	11,834,964	7,013,268	-	2,344,215,116
Plant and Machinery	5,330,832,479	83,560,825	41,526,164	(1,611,688)	5,454,307,780	5,454,307,780	15,841,293	16,558,032	(11,216,159)	5,475,490,946
Electrical Power Installation	916,500,813	15,315,755	5,532,545	(437,895)	936,911,218	936,911,218	11,656,286	2,171,231	(1,739,845)	948,998,890
Furnace	1,640,917,216	828,448	5,561,858	-	1,647,307,522	1,647,307,522	10,531,787	49,399,775	-	1,707,239,084
Motor Vehicles	38,823,207	260,900	-	-	39,084,107	39,084,107	-	-	(1,377,749)	37,706,358
Tools and Implements	42,829,951	428,340	-	-	43,258,291	43,258,291	638,357	-	-	43,896,648
Office Equipments	274,641,357	21,246,270	2,531,875	(42,105,723)	256,313,779	256,313,779	21,907,192	1,523,857	(6,117,619)	273,627,209
Gas Station	21,116,708	-	-	-	21,116,708	21,116,708	-	-	-	21,116,708
Solar Power Generation	381,396,921	13,759,421	13,752,900	-	408,909,242	408,909,242	1,266,160	-	-	410,175,402
Commercial Moulds	394,845,431	100,525,955	-	(2,151,716)	493,219,670	493,219,670	137,687,280	-	-	630,906,950
	11,404,143,363	287,401,682	130,704,692	(63,584,536)	11,758,665,201	11,758,665,201	211,363,319	76,666,163	(20,451,372)	12,026,243,311
In the Course of Construction										
Capital Work-in-Progress	107,995,733	91,540,208	(130,704,692)	-	68,831,249	68,831,249	68,322,644	(76,666,163)	-	60,487,730
	107,995,733	91,540,208	(130,704,692)	-	68,831,249	68,831,249	68,322,644	(76,666,163)	-	60,487,730
Total Gross Carrying Amount	**11,512,139,096**	**378,941,890**	**-**	**(63,584,536)**	**11,827,496,450**	**11,827,496,450**	**279,685,963**	**-**	**(20,451,372)**	**12,086,731,041**

NOTES *to the Financial Statements Year ended 31 March, 2022*

7.2 Depreciation	Balance as at 01.04.2020	Charge for the year	Disposals during the year	Balance as at 31.03.2021	Balance as at 01.04.2021	Charge for the year	Disposals during the year	Balance as at 31.03.2022
	Rs.	Rs.	Rs.	Rs.				
Buildings	514,864,175	69,341,967	(17,277,514)	566,928,628	566,928,628	58,335,270	-	625,263,898
Plant and Machinery	2,678,595,900	343,964,035	(1,611,688)	3,020,948,247	3,020,948,247	300,248,802	(11,216,159)	3,309,980,890
Electrical Power Installation	576,074,390	36,319,198	(437,895)	611,955,693	611,955,693	24,944,103	(1,739,845)	635,159,951
Furnace	710,684,794	190,319,644	-	901,004,438	901,004,438	185,081,928	-	1,086,086,366
Motor Vehicles	37,649,771	328,161	-	37,977,932	37,977,932	337,602	(1,377,749)	36,937,785
Tools and Implements	25,221,295	3,212,701	-	28,433,996	28,433,996	2,947,377	-	31,381,373
Office Equipment	184,719,224	25,431,731	(42,105,723)	168,045,232	168,045,232	20,823,579	(6,007,654)	182,861,157
Gas Station	8,479,733	527,918	-	9,007,651	9,007,651	527,918	-	9,535,569
Solar Power Generation	50,496,785	23,789,831	-	74,286,616	74,286,616	24,587,379	-	98,873,995
Commercial Moulds	187,581,358	92,929,950	(2,151,716)	278,359,592	278,359,592	112,760,264	-	391,119,856
	4,974,367,425	786,165,136	(63,584,536)	5,696,948,025	5,696,948,025	730,594,222	(20,341,407)	6,407,200,840
Total Depreciation	**4,974,367,425**	**786,165,136**	**(63,584,536)**	**5,696,948,025**	**5,696,948,025**	**730,594,222**	**(20,341,407)**	**6,407,200,840**

NOTES *to the Financial Statements Year ended 31 March, 2022*

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

7.3 Net book values

	2022 Rs.	2021 Rs.
Freehold land	132,870,000	132,870,000
Buildings	1,718,951,218	1,758,438,256
Plant and Machinery	2,165,510,056	2,433,359,533
Electrical power installation	313,838,939	324,955,525
Furnace	621,152,718	746,303,084
Motor vehicles	768,573	1,106,175
Tools and Implements	12,515,275	14,824,295
Office equipment	90,766,052	88,268,547
Gas station	11,581,139	12,109,057
Solar power generation	311,301,407	334,622,626
Commercial molds	239,787,093	214,860,078
	5,619,042,471	**6,061,717,176**
In the course of construction		
Capital work-in-progress	60,487,730	68,831,249
Total carrying amount of property, plant and equipment	**5,679,530,201**	**6,130,548,425**

7.4 The rates of depreciation is estimated as follows; (Straight line basis)

	2022	2021
Buildings	2.5% on cost	2.5% on cost
Plant and Machinery	7.5% on cost	7.5% on cost
Electrical power installation	5% on cost	5% on cost
Furnace - Steel	7.5% on cost	7.5% on cost
- Refectories	12.5% on cost	12.5% on cost
Motor vehicles	15% on cost	15% on cost
Tools and implements	10% on cost	10% on cost
Office equipment - Furniture	10% on cost	10% on cost
- IT related equipment	12.5% & 25% on cost	12.5% & 25% on cost
- Lap tops	33 1/3% on cost	33 1/3% on cost
Gas station	2.5% on cost	2.5% on cost
Solar power generation	5% & 7.5% on cost	5% & 7.5% on cost
Commercial molds	50% to 25% on cost	50% to 25% on cost

7.5 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs.2,009,020,026./- (As at 31 March 2021 Rs 640,702,956/-).

7.6 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant and equipment as at reporting date.

7.7 Capital work-in-progress

Capital work-in-progress included the capital assets which mainly consists of construction of building and plant, machinery and equipments which are kept until available for use.

7.8 Capitalised borrowing costs

There were no capitalised borrowing cost related to acquisition of property plant and equipment during the year 2022 & 2021.

8. SLFRS 16 - LEASES

8.1 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;

At gross value	**Balance As at 01.04.2021 Rs.**	**Additions Rs.**	**Advance Payment for Leases Rs.**	**Balance As at 31.03.2022 Rs.**
Buildings - Residential apartments	4,342,351	-	-	4,342,351
Vehicle - Rental vehicle	3,256,764	-	-	3,256,764
Land and Building - Factory 152	52,124,137	-	-	52,124,137
Land and Building - Factory 15	13,856,497	-	-	13,856,497
Land and Building - Factory 17	125,257	-	-	125,257
	73,705,006	**-**	**-**	**73,705,006**

Depreciation	**Balance As at 01.04.2021 Rs.**	**Charge during the Year Rs.**	**De-Recognition Rs.**	**Balance As at 31.03.2022 Rs.**
Buildings - Residential apartments	3,618,622	723,729	-	4,342,351
Vehicle - Rental vehicle	2,306,868	949,896	-	3,256,764
Land and Building - Factory 152	16,012,266	2,365,160	-	18,377,426
Land and Building - Factory 15	2,123,618	431,268	-	2,554,886
Land and Building - Factory 17	12,986	2,653	-	15,639
	24,074,360	**4,472,706**	**-**	**28,547,066**

Net book values	**2022 Rs.**	**2021 Rs.**
Buildings - Residential apartments	-	723,729
Vehicle - Rental vehicle	-	949,896
Land and Building - Factory 152	33,746,711	36,111,871
Land and Building - Factory 15	11,301,611	11,732,879
Land and Building - Factory 17	109,618	112,271
	45,157,940	**49,630,646**

NOTES *to the Financial Statements Year ended 31 March, 2022*

8. SLFRS 16 - LEASES (Contd…)

8.1 Right of use asset (Contd…)

The Rates of Amortization is Estimated as follows; (Straight line basis)	**2022**	**2021**
Buildings - Residential apartments	2 Years	2 Years
Vehicle - Rental vehicle	2 Years	2 Years
Land and Building - Factory 152	30 Years	30 Years
Land and Building - Factory 15	35 Years	35 Years
Land and Building - Factory 17	50 Years	50 Years

8.2 Lease liability / Lease creditor

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 year is as follows;

	Balance As at 01.04.2021	**Interest Expense Recognized in Profit or Loss**	**Repayment**	**Balance As at 31.03.2022**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Buildings - Residential apartments	789,458	10,542	(800,000)	-
Vehicle - Rental vehicle	1,022,566	27,434	(1,050,000)	-
Land and Building - Factory 152	24,965,288	2,349,948	(3,191,418)	24,123,818
Land and Building - Factory 15	6,372,790	607,536	(678,883)	6,301,443
Land and Building - Factory 17	58,072	5,657	(5,869)	57,860
	33,208,174	**3,001,117**	**(5,726,170)**	**30,483,121**

	2022			**2021**		
	Amount repayable within 1 year	**Amount repayable after 1 year**	**Total**	**Amount repayable within 1 year**	**Amount repayable after 1 year**	**Total**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Buildings - Residential apartments	-	-	-	789,458	-	789,458
Vehicle - Rental vehicle	-	-	-	1,022,566	-	1,022,566
Land and Building - Factory 152	5,344,200	18,779,618	24,123,818	5,445,440	19,519,848	24,965,288
Land and Building - Factory 15	1,255,295	5,046,148	6,301,443	1,262,425	5,110,365	6,372,790
Land and Building - Factory 17	11,392	46,468	57,860	11,403	46,669	58,072
	6,610,887	**23,872,234**	**30,483,121**	**8,531,292**	**24,676,882**	**33,208,174**

	2022	**2021**
8.3 Amount recognised in profit or loss	**Rs.**	**Rs.**
Amortization of leased assets	4,472,706	6,598,628
Interest on lease liabilities	3,001,117	3,418,679
8.4 Amount recognised in Statement of Cash Flows		
Total cash outflow for lease	5,726,170	7,044,948

NOTES *to the Financial Statements Year ended 31 March, 2022*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

9.1 Financial Investments

	2022		2021	
	No. of Shares	Rs.	No. of Shares	Rs.
Quoted Investments				
DFCC Bank PLC	38,000	1,916,880	36,278	2,264,800
Unquoted Investments				
Centre for Technical Excellence in Ceramics-CENTEC Limited	54,000	540,000	54,000	540,000
Total Investments	**92,000**	**2,456,880**	**90,278**	**2,804,800**

9.2 Interest bearing loans and borrowings

	2022			2021		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Long term loans **(Note 9.4)**	337,644,625	165,166,750	502,811,375	364,184,199	502,666,710	866,850,909
Project loan **(Note 9.5)**	421,236,557	-	421,236,557	604,349,441	420,500,000	1,024,849,441
Short term loans **(Note 9.6)**	502,321,164	-	502,321,164	396,006,028	-	396,006,028
	1,261,202,346	**165,166,750**	**1,426,369,096**	**1,364,539,668**	**923,166,710**	**2,287,706,378**

9.3 Interest bearing loans and borrowings

	Balance as at 01.04.2021	New Loans Obtained	Repayments	Accrued Interest	Balance as at 31.03.2022
Long term loans **(Note 9.4)**	866,850,909	-	(363,999,960)	(39,574)	502,811,375
Project loan **(Note 9.5)**	1,024,849,441	-	(603,000,000)	(612,884)	421,236,557
Short term loans **(Note 9.6)**	396,006,028	3,693,000,000	(3,588,000,000)	1,315,136	502,321,164
	2,287,706,378	**3,693,000,000**	**(4,554,999,960)**	**662,678**	**1,426,369,096**

NOTES *to the Financial Statements Year ended 31 March, 2022*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd…)

9.4 Long term loans

	2022 Rs.	2021 Rs.
Term loan Facilitry from Hatton National bank (Note (a))	75,539,301	177,552,034
Term loan Facilitry from State Bank of India (Note (b))	427,272,074	689,298,875
	502,811,375	**866,850,909**

(a.) Term loan facility - LKR 305 Mn

	Hatton National Bank PLC Rs.	Total Rs.
As at 01 April 2020	279,663,871	279,663,871
Repayments	(102,000,000)	(102,000,000)
Accrued interest	(111,837)	(111,837)
As at 31 March 2021	**177,552,034**	**177,552,034**
As at 01 April 2021	177,552,034	177,552,034
Repayments	(102,000,000)	(102,000,000)
Accrued interest	(12,733)	(12,733)
As at 31 March 2022	**75,539,301**	**75,539,301**

Interest rate	: AWPLR +1% (Monthly Review) with a floor of 7% and Cap of 9.5%
Repayment terms	: To be repaid in 03 years in 35 equal monthly installments of Rs.8.5Mn each and a final installment of Rs.7.5Mn plus interest.
Tenor	: 03 Years
Purpose	: To take over Solar Loan facility outstanding from ICICI Bank
Security	: Clean

(b.) Term loan facility - LKR 1,048 Mn

	State Bank of India Rs.	Total Rs.
As at 01 April 2020	951,706,211	951,706,211
Repayments	(261,999,960)	(261,999,960)
Accrued interest	(407,376)	(407,376)
As at 31 March 2021	689,298,875	689,298,875
As at 01 April 2021	689,298,875	689,298,875
Repayments	(261,999,960)	(261,999,960)
Accrued interest	(26,841)	(26,841)
As at 31 March 2022	**427,272,074**	**427,272,074**

Interest rate	: AWPLR plus 1.00% p.a. with a floor rate of 7% and a ceiling of maximum interest rate of 9%.
Repayment terms	: 48 equal monthly installments commence after 12 months moratorium Year which starts immediately after the first disbursement
Tenor	: 05 Years (including grace Year - From 2018 November to 2019 October)
Purpose	: To finance additional production line
Security	: Plant & Machinery which will be purchased out of term loan fund

NOTES *to the Financial Statements Year ended 31 March, 2022*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd…)

9.5 Project Loan - Relining & Modernization of Furnace	**2022**	**2021**
	Rs.	**Rs.**
Project loan facility from Commercial Bank PLC **(Note (a))**	224,898,257	627,262,099
Project loan facility from Commercial Bank PLC **(Note (b))**	196,338,300	397,587,342
	421,236,557	**1,024,849,441**

(a.) Loan Amount - LKR 2,000 Mn

	Commercial Bank of Ceylon PLC	**Total**
	Rs.	**Rs.**
As at 01 April 2020	862,527,390	862,527,390
Repayments	(234,500,000)	(234,500,000)
Accrued interest	(765,291)	(765,291)
As at 31 March 2021	**627,262,099**	**627,262,099**
As at 01 April 2021	627,262,099	627,262,099
Repayments	(402,000,000)	(402,000,000)
Accrued Interest	(363,842)	(363,842)
As at 31 March 2022	**224,898,257**	**224,898,257**

Interest rate	: AWPLR + 0.5% (Monthly Review) '(Cap rate 9.25% per annum & Floor rate 7.4% per annum)
Repayment terms	: 59 equal monthly installments of LKR 33,500,000/- each and a final installment of LKR 23,500,000/- followed by the grace Year of 1 1/2 years from the first drawdown.
Tenor	: 06 1/2 Years (including grace Year)
Security	: New furnace plant, machinery & equipment together with land & building at Wagawatta Industrial Park, Horana.

(b.) Loan amount - LKR 1,000 Mn	**Commercial Bank of Ceylon PLC**	**Total**
	Rs.	**Rs.**
As at 01 April 2020	515,137,609	515,137,609
Repayments	(117,250,000)	(117,250,000)
Accrued interest	(300,267)	(300,267)
As at 31 March 2021	**397,587,342**	**397,587,342**
As at 01 April 2021	397,587,342	397,587,342
Repayments	(201,000,000)	(201,000,000)
Accrued interest	(249,042)	(249,042)
As at 31 March 2022	**196,338,300**	**196,338,300**

NOTES *to the Financial Statements Year ended 31 March, 2022*

Interest rate	: AWPLR + 0.50% with a floor of 8% and Cap of 9%
Repayment terms	: 59 equal quarterly installments of LKR 16,750,000/- each & LKR 11,750,000 as final installment followed by the grace Year of 1 1/2 years from the first drawdown.
Tenor	: 06 1/2 Years (including grace Year)
Security	: New furnace plant, machinery & equipment together with land & building at Wagawatta Industrial Park, Horana.

9.6	Short term loan	Citi Bank	Commercial Bank of Ceylon PLC	Standard Chartered Bank	Hatton National Bank PLC	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
	As at 01 April 2020	150,560,959	196,331,518	413,609,892	-	760,502,369
	New Loans Obtained	1,297,000,000	2,607,000,000	1,727,000,000	938,657,000	6,569,657,000
	Repayments	(1,397,000,000)	(2,533,000,000)	(2,140,000,000)	(863,657,000)	(6,933,657,000)
	Accrued Interest	(376,027)	478,893	(609,892)	10,685	(496,341)
	As at 31 March 2021	**50,184,932**	**270,810,411**	**-**	**75,010,685**	**396,006,028**
	As at 01 April 2021	50,184,932	270,810,411	-	75,010,685	396,006,028
	New Loans Obtained	-	1,165,000,000	1,343,000,000	1,185,000,000	3,693,000,000
	Repayments	(50,000,000)	(1,435,000,000)	(843,000,000)	(1,260,000,000)	(3,588,000,000)
	Accrued Interest	(184,932)	(810,411)	2,321,164	(10,685)	1,315,136
	As at 31 March 2022	**-**	**-**	**502,321,164**	**-**	**502,321,164**

NOTES *to the Financial Statements Year ended 31 March, 2022*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd...)

9.7 Fair values

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

Long term borrowings mainly consists of floating rate borrowings. Accordingly fair value does not materially deviate from the carrying value.

9.8 Fair Value Hierarchy

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:

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2022, the Company held the following financial instruments carried at fair value on the statement of financial position.

	Level 1		Level 2		Level 3		Total	
Assets measured at fair value	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Equity Instruments at FVTOCI								
Quoted equity shares	1,916,880	2,264,800	-	-	-	-	1,916,880	2,264,800
Unquoted shares	-	-	-	-	540,000	540000	540,000	540,000
	1,916,880	**2,264,800**	**-**	**-**	**540,000**	**540,000**	**2,456,880**	**2,804,800**

As at 31 March 2022, the Company held the above financial instruments carried at fair value on the statement of financial position.Carrying value of the unquoted shares do not significantly different fom the fair value of the investment.

NOTES *to the Financial Statements Year ended 31 March, 2022*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd...)

Financial assets and liabilities by categories

	Financial Assets by Categories						Financial Liabilities by Categories	
	Measured at Amortised cost		Fair Value through Profit/Loss		Fair Value through OCI		Measured at Amortised cots	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial Assets								
Financial Investments	-	-	-	-	2,456,880	2,804,800	-	-
Trade and other receivables	2,623,902,080	1,585,933,344	-	-	-	-	-	-
Prepayment	13,451,705	11,317,256	-	-	-	-	-	-
Cash and short term deposits	182,732,753	125,663,166	-	-	-	-	-	-
	2,820,086,538	1,722,913,766	-	-	2,456,880	2,804,800	-	-
Financial liabilities								
Lease liabilities	-	-	-	-	-	-	30,483,121	33,208,174
Interest bearing loans and borrowings	-	-	-	-	-	-	1,426,369,096	2,287,706,378
Trade and other payables	-	-	-	-	-	-	1,772,417,741	789,109,878
Bank overdraft	-	-	-	-	-	-	145,365,213	128,820,315
	-	-	-	-	-	-	3,374,635,171	3,238,844,745

10. INVENTORIES

Raw/Packing Materials	652,478,554	457,111,974
Work in Progress	17,903,417	12,927,190
Finished Goods	789,797,998	581,604,113
Consumables and Spares	902,462,534	820,984,842
Stock in Transit	13,904,144	3,821,377
Less: Obsolete and Slow Moving Inventory **(Note 10.1)**	(21,000,000)	(16,295,000)
	2,355,546,647	**1,860,154,496**

NOTES *to the Financial Statements Year ended 31 March, 2022*

10.1 Provision for Inventory

	2022 Rs.	2021 Rs.
Balance as at the beginning of the year	(16,295,000)	(22,576,895)
Provision during the Year	(21,000,000)	(16,295,000)
Reversal during the Year	16,295,000	22,576,895
Balance as at the beginning of the year	(21,000,000)	(16,295,000)

11. TRADE AND OTHER RECEIVABLES

		2022 Rs.	2021 Rs.
Trade receivables	- Related party **(Note - 11.1)**	145,213,434	81,561,948
	- Others	2,514,156,555	1,525,641,814
Less : Provision for impairments **(Note - 11.2)**		(48,783,108)	(38,407,271)
		2,610,586,881	**1,568,796,491**
Other receivables - Related party	Piramal Glass (Private) Ltd	-	13,402,853
Advances and deposits		137,835,742	102,632,817
Loans to company officers	- Current	9,116,561	3,734,000
	- Non Current	4,198,638	-
		2,761,737,822	**1,688,566,161**
Total current		2,757,539,184	1,688,566,161
Total Non - Current		4,198,638	-
		2,761,737,822	**1,688,566,161**

Trade receivables are non-interest bearing and are generally on terms up to 45 days for domestic customers and export sales are generally on terms up to 90 days depending on the circumstances.

11.1 Trade Receivables includes amounts due from related parties as follows.

	Relationship		
PGP Glass USA Inc	Fellow Subsidiary	125,823,454	81,561,948
PGP Glass Private Limited - India	Parent Company	19,389,980	-
		145,213,434	**81,561,948**

11.2 Provision for impairments

	2022 Rs.	2021 Rs.
Balance as at the beginning of the year	(38,407,271)	(64,079,612)
(Provision)/reversal for bad & doubtful debts	(22,988,380)	17,323,981
Written off during the year	12,612,543	8,348,360
Balance as at the end of the year	**(48,783,108)**	**(38,407,271)**

The contractual amount outstanding on financial assets that were written off during the year ended 31 March 2022 and there are no enforcement activity pending as at year end.

12. CASH AND SHORT TERM DEPOSITS

	2022 Rs.	2021 Rs.
12.1 Favourable cash and cash equivalent balances		
Cash at bank	178,820,685	120,269,395
Cash on hand	3,912,068	5,393,771
	182,732,753	**125,663,166**
12.2 Unfavourable cash and cash equivalent balances		
Bank overdraft	(145,365,213)	(128,820,315)
Cash and cash equivalents for the purpose of cash flow statement	**37,367,540**	**(3,157,149)**

NOTES *to the Financial Statements Year ended 31 March, 2022*

13.	**STATED CAPITAL**	**2022 Number**	**2021 Number**	**2022 Rs.**	**2021 Rs.**
13.1	Ordinary shares	950,086,080	950,086,080	1,526,407,485	1,526,407,485

13.2 Rights, preference and restrictions of classes of capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

14.	**OTHER RESERVES**	**2022 Rs.**	**2021 Rs.**
	Revaluation reserve **(Note 14.1)**	104,859,426	99,872,563
	Fair value reserve **(Note14.3)**	1,414,655	1,876,575
		106,274,081	**101,749,138**

14.1 Revaluation reserve

	Balance as at beginning of the Year	99,872,563	99,872,563
	Deffered Tax adjustment on Revaluation reserve due to rate change	4,986,863	-
	Balance as at the end of the year	**104,859,426**	**99,872,563**

14.2 Revaluation reserve consists of net surplus resulting from the revaluation of property, plant and equipment before the date of transition to SLFRS in relation to assets still in use.

14.3 Fair value reserves consists of net gain reserves from valuation of financial investments.

15.	**EMPLOYEE BENEFIT LIABILITY**	**2022**	**2021**
15.1	**Defined benefit obligation**	**Rs.**	**Rs.**
	Changes of the defined benefit obligation are as follows:		
	Balance at the beginning of the year	224,248,626	189,679,772
	Interest Cost	18,365,962	18,626,555
	Past Service Cost	(16,964,165)	-
	Current Service Cost	9,271,609	18,066,681
	Actuarial (Gains) / Losses on Obligation	(76,875,795)	18,033,030
	Benefits Paid during the Year	(19,422,038)	(20,157,412)
	Balance at the end of the year	**138,624,199**	**224,248,626**

NOTES *to the Financial Statements Year ended 31 March, 2022*

15. EMPLOYEE BENEFIT LIABILITY (Contd...)

15.2 M/S Actuarial and Management Consultants (Pvt) Ltd, Actuaries carried out an actuarial valuation for defined benefit plan for the year ended 31 March 2022. The actuarial valuation involves making assumptions about discount rate, average expected future working lives, salary escalation rate, promotion rates and mortality rates. The key assumptions used by the actuary include the following.

	2022	**2021**
Method of actuarial valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount rate:	16.00%	8.19%
Retirement age:	60 Years	55 Years
Salary escalation rate		
Non executive	10%	10%
Executive	11%	12%
Attrition rate:		
Non executive	3%	3%
Executive	8%	8%
Expected future working life (No of Years)		
Non executive	15.78	13.37
Executive	9.12	8.53
Weighted Average Duration of Defined Benefit Obligation (Years)	7.13	7.62
Mortality table:	A1967-70 Mortality Table for Assured Lives	A1967-70 Mortality Table for Assured Lives

During the year 2022, the retirement benefit obligation was adjusted to reflect new legal requirements regarding the retirement age.As a result of the plan ammendment, the Company's defined benefit Obligation decreased by Rs.16,964,165.(2021 -Nil). A corresponding past services cost was recognised in profit or loss during 2022.

NOTES *to the Financial Statements Year ended 31 March, 2022*

15. EMPLOYEE BENEFIT LIABILITY (Contd...)

15.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year ended 31 March 2022.

The sensitivity of the 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 is as follows.

A one percentage point change in the assumed rate of increase in salary escalation rate would have the following effects:

		Increase Rs.	Decrease Rs.
2022	Effect on the defined benefit obligation	10,114,565	(9,143,285)
2021	Effect on the defined benefit obligation	17,593,938	(15,670,583)

A one percentage point change in the assumed discount rate would have the following effects:

		Increase Rs.	Decrease Rs.
2022	Effect on the defined benefit obligation	(8,125,239)	9,085,215
2021	Effect on the defined benefit obligation	(14,904,633)	17,069,048

15.4 The expected maturity analysis of discounted retirement obligation is as follows:

	2022 Rs.	2021 Rs.
Within the Next 12 Months	11,393,150	29,463,871
Between 1 and 6 Years	60,573,240	91,953,005
Between 6 and 10 Years	33,397,349	37,676,197
Beyond 10 years	33,260,460	65,155,553
	138,624,199	224,248,626

NOTES *to the Financial Statements Year ended 31 March, 2022*

16. TRADE AND OTHER PAYABLES

		2022 Rs.	2021 Rs.
Trade payable	- Related Party **(Note 16.1)**	136,691,617	7,263,556
	- Others	1,313,348,682	526,236,515
Other payables	- Related Party **(Note 16.2)**	95,660,509	35,971,009
	- Others	19,144,817	33,435,608
Sundry creditors including accrued expenses		341,189,833	267,936,546
		1,906,035,458	**870,843,234**

Trade payables are non-interest bearing and are normally settled on 30-90 day terms.

16.1 Trade payables to related party

Trade payables to related party	Relationship	2022 Rs.	2021 Rs.
PGP Glass Private Limited - India	Parent Company	136,691,617	7,263,556
		136,691,617	**7,263,556**

16.2 Other Payables - Related Party

Other Payables - Related Party	Relationship	2022 Rs.	2021 Rs.
PGP Glass Private Limited - India	Parent Company	95,660,509	35,971,009
		95,660,509	**35,971,009**

17. DIVIDENDS PAID AND PAYABLE

	2022 Rs.	2021 Rs.
Dividends payable as at the beginning of the year		
As at the beginning of the year	34,301,212	33,607,881
Dividends declared during the year **(Note 17.1)**	1,026,092,966	190,017,216
Dividends paid during the year	(995,829,502)	(181,651,671)
Written back of unclaimed dividends	(4,811,989)	(7,672,214)
As at the end of the year	**59,752,687**	**34,301,212**

17.1 Declared and paid during the year

	2022 Rs.	2021 Rs.
Equity dividends on ordinary shares		
- Final dividend per Share for 2020/21 - Rs.0.58 (2019/20 - Rs.0.20)	551,049,926	190,017,216
- First Interim dividend per Share for 2021/22 - Rs.0.25 (2020/21 - Nil)	237,521,520	-
- Second Interim dividend per Share for 2021/22 - Rs.0.25 (2020/21 - Nil)	237,521,520	-
	1,026,092,966	**190,017,216**

The Board of Directors of the Company has not proposed any final Dividend for the year ended 31 March 2022 at the Board meeting held on 10 May 2022

NOTES *to the Financial Statements Year ended 31 March, 2022*

18. RELATED PARTY DISCLOSURES

During the year the Company has entered into transactions with the following related parties. The material transactions have been disclosed below.

18.1 Transaction with Group Companies

Name of Company	Relationship	2022 Rs.	2021 Rs.
PGP Glass Private Limited - India	Parent company		
Nature of transaction			
Purchasing of Bottles		281,301,030	345,865,813
Purchasing of Bottles - In Transit		13,904,144	3,821,377
Purchasing of Lids		1,671,571	767,842
Technical Fees		193,304,686	157,346,644
Maintenance Cost for ERP & Network systems*		52,636,970	31,082,667
Sale of Bottles		28,958,325	26,808,284

Name of Company	Relationship	2022 Rs.	2021 Rs.
PGP Glass - USA, INC.	Fellow subsidiary		
Nature of transaction			
Sale of Bottles		253,145,507	257,177,076

The amounts payable to the above related parties as at 31 March 2022 and 31 March 2021 are disclosed in Notes 16.1 and 16.2 and amounts receivable from the above related parties as at 31 March 2022 and 31 March 2021 are disclosed in Note 11.1.

Transactions with related parties are carried out in the ordinary course of the business.

18.2 Transactions with Directors/Key Management Personnel

	2022 Rs.	2021 Rs.
Short term employee benefits	40,885,109	39,231,203
Total Compensation paid to Key Management Personnel	**40,885,109**	**39,231,203**

* Key Management personnel include the Board of Directors and the Chief Operating Officer of the Company.

NOTES *to the Financial Statements Year ended 31 March, 2022*

19. COMMITMENTS AND CONTINGENCIES

19.1 Capital Expenditure Commitments

The Company has commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2022 are as follows:

	2022 Rs.Mn	2021 Rs.Mn
Contracted but not provided	2	121
Authorized by the Board, but not Contracted for	13	16
	15	**137**

19.2 Contingent Liabilities

There are no significant contingent liabilities as at the reporting date.

20. ASSETS PLEDGED

The Carrying value of property, plant and equipment pledged by the Company as security for facilities obtained from banks is as follows.

Nature of Assets	Nature of Liability	2022 Rs Mn.	2021 Rs Mn.
Immovable properties	First/Secondary mortgage for loans and borrowings	2,931	3,328
		2,931	**3,328**

21. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting period that require adjustments to and/or disclosures in the Financial Statements.

NOTES *to the Financial Statements Year ended 31 March, 2022*

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Introduction

Risk is inherent in Company's business activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Board of Directors of the Company places special consideration on the management of such risks. The Company is mainly exposed to;

a. Market risk
b. Commodity price risk
c. Interest rate risk
d. Exchange rate risk
e. Liquidity risk
f. Equity price risk
g. Credit risk

22.1.1 Market Risk

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

Financial risk management is carried out by PGP Glass Ceylon PLC Finance Division under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

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.

22.1.2 Commodity Price Risk

The Entity is affected by the availability & price of certain commodities. The main impact for PGP Glass Ceylon PLC is through energy & Imported Raw Material. The imported Raw material price risk is mitigated through long term agreements & central purchasing done by PGP Group Procurement division. The energy cost consists of LPG, Furnace oil & Electricity.

In managing the commodity price risk part of the cost increases are passed on to the customer through the price increases.

Further to above United Stated Dollars shortage has impacted the items purchased locally which are of imported nature. Both Cost & availability has been impacted due to this. Both process & transportation cost of locally processed raw material have been impacted due to diesel price hike.

NOTES *to the Financial Statements Year ended 31 March, 2022*

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

22.1.3 Interest Rate Risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	2022 Rs.	2021 Rs.
Variable rate instruments		
Loans and borrowings - Short term loan	502,321,164	396,006,028
Loans and borrowings - Long term loan	924,047,932	1,891,700,350

The sensitivity of the income statement is the effect of the assumed changes in interest rate on the profit or loss for the year is as follows.

	Increase/(Decrease) in Interest Rate	Effect on Statement of Profit or Loss Rs.	Effect on Statement of Financial Position Rs.
2022	1%	(17,017,736)	(17,017,736)
	-1%	17,017,736	17,017,736
2021	1%	(36,180,215)	(36,180,215)
	-1%	36,180,215	36,180,215

Since the interest rates have been significantly increased subsequent to the balance sheet date and due to the volatile nature of fluctuations, there will be an adverse impact on the interest bearing borrowings except for those agreed with maximum cap.

22.1.4 Exchange Rate Risk

Exchange risk arises out of the commercial transactions that the entity enters into outside Sri Lanka. The major part of the foreign transactions is dealt with US Dollars. The company has a natural hedging by way of its operational transactions as the inflow of foreign currency through export sale off sets the import cost and interest.

The Principle exchange rates used by the Company for conversion of foreign currency balances and transactions for the year ended 31 March 2022 are as follows;

	Average rate		Closing rate	
	2022	**2021**	**2022**	**2021**
USD	205.05	187.96	293.87	199.83
EUR	238.63	219.36	331.41	233.64

The sensitivity of the income statement and statement of financial position is the effect of the assumed changes in exchange rate on the profit or loss and long term foreign currency borrowings for the year is as follows.

NOTES *to the Financial Statements Year ended 31 March, 2022*

	Increase / (Decrease) in Exchange Rate	Effect on Statement of Profit or Loss Rs.	Effect on Statement of Financial Position Rs.
2022	1%	2,338,546	2,338,546
	-1%	(2,338,546)	(2,338,546)
2021	1%	505,203	505,203
	-1%	(505,203)	(505,203)

The total foreign currency assets and liabilities of the Company denominated in US Dollar (USD) as at 31 March 2022. The Central bank of Sri Lanka (CBSL) has floated the exchange rate since 7 March 2022 and to date, the LKR has devalued to Rs.293.87/-. This Fluctuation in the exchange rates for USD will have a material impact of Rs.205 Mn of net gain on the company's Profit before tax and funding position in the financial year 2022.

22.1.5 Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, PGP Glass Ceylon PLC Finance aims to maintain flexibility within the funding structure through the use of bank overdrafts, Short Term loans, Letter of Credit & Guarantees.

Entity manages this risk via maintaining an undrawn committed liquidity at any given moment that can be drawn upon at short notice to meet any unforeseen circumstance.

The company also regularly performs a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payment and exclude the impact of netting arrangement.

	2022	Contractual cash flows			
	Carrying Value Rs.	Total Rs.	1 - 6 Months Rs.	6 - 12 Months Rs.	1 - 6 Years Rs.
Long Term Loans	502,811,375	531,432,498	202,492,813	158,309,271	170,630,414
Project Loan - Relining & Modernization of Furnace	421,236,557	436,539,584	314,945,313	121,594,271	-
Lease Liability	30,483,121	60,223,282	3,730,561	-	56,492,721
Short Term Loans	502,321,164	502,321,164	502,321,164	-	-
Trade and Other Payables	1,906,035,458	1,906,035,458	1,906,035,458	-	-
Bank Overdraft	145,365,213	145,365,213	145,365,213	-	-
	3,508,252,888	**3,581,917,199**	**3,074,890,522**	**279,903,542**	**227,123,135**

NOTES *to the Financial Statements Year ended 31 March, 2022*

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

22.1.6 Equity Price Risk

The key objectives of the entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders.

During the past years the management has tried its best to maintain a steady percentage of pay-out as its dividend.

22.1.7 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).

The Company minimizes is credit risk towards its customers by having agreements with customers and having high level scrutiny before converting a cash customer to a credit customer. Also the Company adheres to the policy of obtaining guarantees from new customers as the requirement may seem fit.

Trade receivables and expected credit loss assessment

	2022			2021		
	Gross carrying value	**Loss allowance**	**impaired**	**Gross carrying value**	**Loss allowance**	**impaired**
Current (not past due)	2,445,217,947	4,365,483	No	1,344,841,602	4,000,575	No
60-120 days past due	163,248,766	7,859,899	No	168,758,376	4,836,051	No
121- 180 days past due	23,625,641	9,280,090	No	28,356,775	7,861,749	No
181-365 days past due	5,772,092	5,772,092	No	61,687,022	18,148,908	No
More than 365 days past due	21,505,543	21,505,544	Yes	3,559,987	3,559,988	Yes
	2,659,369,989	**48,783,108**		**1,607,203,762**	**38,407,271**	

Cash at bank

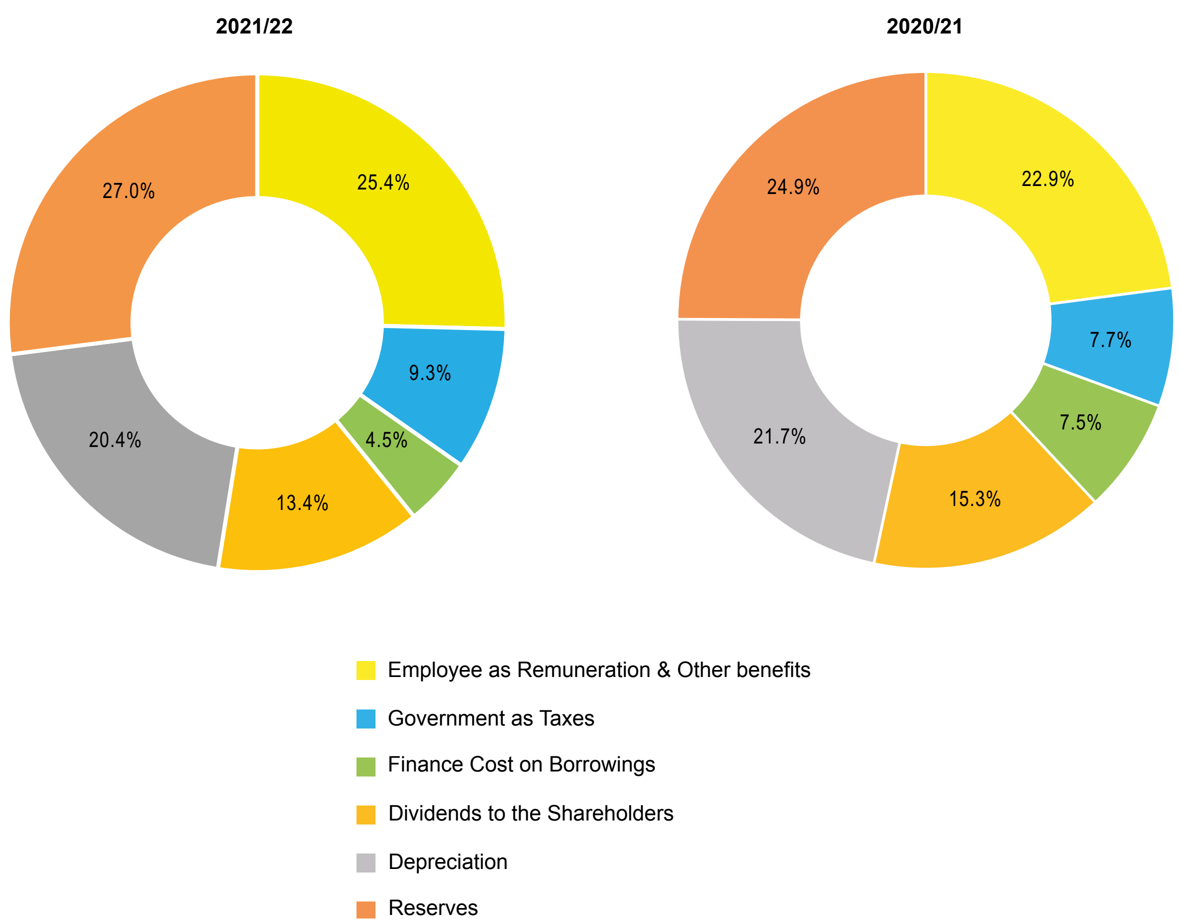
Company held cash at bank Rs.178,820,685/- at 31 March 2022 and Rs.120,269,395/- as at 31 March 2021 respectively. The cash and cash equivalent are held with reputed commercial banks and financial institution counterparties, which are rated AAA to BBB- based on Fitch ratings.

22.2 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, PGP Glass Private Limited. 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.

STATEMENT *of Value Added*

	2021/22 Rs Mn	%	2020/21 Rs Mn	%
Gross Revenue	10,818		9,009	
Less : Cost of Material/ Service Provided	(7,260)		(5,404)	
Value Addition	**3,558**		**3,605**	
Employees as Remuneration & Other benefits	904	25.4%	826	22.9%
Government as Taxes	331	9.3%	277	7.7%
Providers of Capital				
Finance Cost on Borrowings	159	4.5%	269	7.5%
Dividends to the Shareholders - Proposed	475	13.4%	551	15.3%
Retained in the Business as				
Depreciation	728	20.4%	783	21.7%
Reserves	962	27.0%	898	24.9%
	3,558	**100.0%**	**3,605**	**100.0%**



SHAREHOLDERS' *and Investor Information*

1 STOCK EXCHANGE LISTING

Issued Ordinary Shares of PGP Glass Ceylon PLC are listed with Colombo Stock Exchange of Sri lanka.

2 MAJOR SHAREHOLDERS AS AT 31 MARCH

		2022		2021	
	Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Deutsche Bank AG Colombo Branch/ DB International Trust (Singapore) Limited / PGP Glass Private Limited	747,236,631	78.65	-	-
2	Employees Provident Fund	90,317,140	9.51	90,317,140	9.51
3	Bangkok Glass Industry Company Limited	6,280,000	0.66	6,280,000	0.66
4	Employees Trust Fund Board	4,487,741	0.47	5,229,095	0.55
5	Mr G.C. Goonetilleke	3,700,000	0.39	3,750,000	0.39
6	Tranz Dominion, L.L.C.	1,650,000	0.17	1,650,000	0.17
7	Mrs. P. Dissanayake	1,440,000	0.15	1,440,000	0.15
8	Mr. C. Wijesinghe	1,440,000	0.15	1,440,000	0.15
9	Mr. W.D.N.H. Perera	1,429,721	0.15	-	-
10	Mr. C. Amerasinghe	1,311,097	0.14	600,000	0.06
11	Phantom Investments (Private) Limited	1,292,079	0.14	-	-
12	Mr. S.R. Perera	1,215,000	0.13	1,215,000	0.13
13	Mrs. S.S. Tiwari & Mr S.K. Tiwari	1,214,166	0.13	1,214,166	0.13
14	Mr. M.S.A. Hussny	1,183,280	0.12	1,183,280	0.12
15	Mr. A.D. Edussuriya	1,000,000	0.11	1,000,000	0.11
16	Mr. M.M. Somasiri	971,261	0.10	971,261	0.10
17	Mr. P.R. Anthonis	928,000	0.10	928,000	0.10
18	Seylan Bank PLC/ Nalaka Harshajeeva Godahewa	774,132	0.08	-	-
19	Merchant Bank of Sri Lanka & Finance PLC/N.D.W. Arachchi	742,025	0.08	410,000	0.04
20	Mr. K.C. Vignarajah	692,238	0.07	640,100	0.07
	PGP Glass Private Limited-India	-	-	536,331,880	56.45
	J.B. Cocoshell (Pvt) Ltd	-	-	12,898,268	1.36
	Mr. M J Fernando	-	-	10,262,095	1.08
	Mr. H M Udeshi	-	-	9,894,059	1.04
	Capital Alliance Limited	-	-	7,250,000	0.76
	Apposite Trading (Pvt) Ltd	-	-	6,959,677	0.73
	Cheerful Commercial Private Limited	-	-	6,574,763	0.69
	Deutsche Bank AG AS Trustee To Capital Alliance Quantitative Equity Fund	-	-	5,307,594	0.56
	Mr. K.U.D. Silva	-	-	5,298,206	0.56
	Capital Alliance Holdings Ltd	-	-	5,200,000	0.55
	Mr. K D Reddy	-	-	4,400,020	0.46
	Thread Capital (Private) Limited	-	-	3,600,000	0.38
	Mr. N. Samarasuriya	-	-	3,000,000	0.32
	CBL Investments Limited	-	-	2,983,235	0.31
	People's Leasing & Finance PLC/ Mrs.D.M.P.Rasangika	-	-	2,800,001	0.30
	Mr. A.M.V.A. Chaminda	-	-	2,738,924	0.29
	Sub Total	869,304,511	91.50	743,766,764	78.28
	Others	80,781,569	8.50	206,319,316	21.72
	Grand Total	**950,086,080**	**100.00**	**950,086,080**	**100.00**

SHAREHOLDERS' *and Investor Information*

3 SHARE DISTRIBUTION

3.1 Shareholding as at 31st March

From	To	No. of Holders		No. of Shares		%	
		2022	2021	2022	2021	2022	2021
1	1,000	3,389	3,622	1,371,924	1,527,600	0.14	0.16
1,001	10,000	7,776	8,392	22,678,113	25,661,527	2.39	2.70
10,001	100,000	937	1,418	28,738,695	47,618,491	3.03	5.01
100,001	1,000,000	139	274	33,100,493	77,505,293	3.48	8.16
Over 1,000,000		14	59	864,196,855	797,773,169	90.96	83.97
		12,255	**13,765**	**950,086,080**	**950,086,080**	**100.00**	**100.00**

3.2 Categories of Shareholders

	No. of Holders		No. of Shares		%	
	2022	2021	2022	2021	2022	2021
Local Individuals	11,995	13,425	84,188,148	194,387,123	8.86	20.46
Local Institutions	209	278	108,601,896	190,602,064	11.43	20.06
Foreign Individuals	48	57	2,129,405	7,300,573	0.22	0.77
Foreign Institutions	3	5	755,166,631	557,796,320	79.49	58.71
	12,255	**13,765**	**950,086,080**	**950,086,080**	**100.00**	**100.00**

Percentage of Shares held by the public	21.22%	43.42%
Number of Public Shareholders	12,252	13,762

4 SHARE PRICE

Market price per share for the year		2021/22			2020/21	
Highest Price	Rs	23.70	20.01.2022	Rs	11.40	18-01-2021
Lowest Price	Rs	11.10	05.05.2021	Rs	2.80	12-05-2020
Last Traded price	Rs	11.40		Rs	11.10	

5 SHARE TRADING

	2021/22	2020/21
Number of Shares Traded During the year	164,067,755	1,657,626,883
Value of Shares Traded during the year - Rs.	2,427,415,656	15,000,064,683
Number of Trasaction during the year	37,704	86,778

6 MARKET CAPITALISATION

As at 31st March - Rs. Mn	10,831	10,546

7 FLOAT ADJUSTED MARKET CAPITALIZATION

As at 31st March - Rs. Mn	2,298	4,579

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

TEN *Year Financial Review*

31st March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
LKR (000)									(Restated)	
OPERATING RESULTS										
Revenue (Gross)	10,229,011	8,531,802	7,531,179	7,398,270	6,815,727	6,783,010	6,755,079	5,791,988	5,220,116	5,500,908
Profit/(Loss) before Tax	2,335,951	1,190,835	495,406	510,496	541,049	602,840	804,604	508,567	289,346	767,307
Tax Expenses/(Reversal)	421,406	95,054	106,418	164,126	197,168	117,364	150,202	69,151	6,089	45,750
Profit/(Loss) after Tax	1,914,545	1,095,781	388,988	346,370	343,882	485,476	654,402	439,416	283,257	721,557
SHARE CAPITAL & RESERVES										
Stated Capital	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407
Other Reserves	5,003,811	4,042,216	3,143,795	2,919,121	2,737,865	2,684,817	2,541,086	2,099,559	2,022,827	2,102,657
Shareholders' Funds	6,530,218	5,568,623	4,670,202	4,445,528	4,264,272	4,211,224	4,067,493	3,625,966	3,549,234	3,629,064
ASSETS LESS LIABILITIES										
Current Assets	5,309,270	3,685,701	3,559,848	4,152,326	3,398,158	2,856,123	2,931,021	2,870,545	2,879,152	3,006,918
Current Liabilities	(3,511,750)	(2,506,565)	(2,864,878)	(2,946,014)	(2,522,950)	(1,715,915)	(1,846,721)	(2,421,971)	(2,851,629)	(2,845,007)
Net Current Assets/(Liabilities)	1,797,520	1,179,136	694,970	1,206,312	875,208	1,140,208	1,084,300	448,574	27,523	161,911
Non Current Assets	5,731,344	6,182,984	6,596,726	6,017,666	6,050,435	6,209,581	3,725,054	3,595,190	3,714,718	4,103,714
Total Assets Less Current Liabilities	7,528,864	7,362,120	7,291,696	7,223,978	6,925,644	7,349,789	4,809,354	4,043,764	3,742,241	4,265,625
Non Current Liabilities	(998,645)	(1,793,496)	(2,621,494)	(2,778,449)	(2,661,372)	(3,138,564)	(741,860)	(417,798)	(193,006)	(636,560)
Net Assets	6,530,219	5,568,624	4,670,202	4,445,529	4,264,272	4,211,225	4,067,494	3,625,967	3,549,235	3,629,065
Ratios & Other information										
Earning Per Share (LKR)	2.02	1.15	0.41	0.36	0.36	0.51	0.69	0.46	0.30	0.76
Dividend Per Share (LKR) - Paid	1.08	0.20	0.18	0.18	0.26	0.35	0.23	0.38	0.38	0.36
Return on Equity (%)	29	20	8	8	8	12	16	12	8	20
Dividend Payout ratio (%)	25	50	49	50	50	51	51	50	127	50
Market value per share (LKR)	11.40	11.10	3.30	3.50	5.80	5.60	5.10	5.70	3.40	6.10
Price Earning Ratio (times covered)	5.64	9.65	8.05	9.72	16.11	10.98	7.39	12.39	11.33	8.03
Interest Cover	13.02	5.07	2.05	2.03	2.04	3.75	9.79	4.46	2.40	3.81
Current Ratio (times covered)	1.51	1.47	1.24	1.41	1.35	1.66	1.59	1.19	1.01	1.06
Liquidity Ratio (times covered)	0.84	0.73	0.51	0.64	0.68	0.82	0.81	0.59	0.45	0.51
Gearing Ratio	0.14	0.34	0.56	0.61	0.61	0.76	0.13	0.06	0.10	0.31
Net Asset per share (LKR)	6.87	5.86	4.92	4.68	4.49	4.43	4.28	3.82	3.74	3.82

GLOSSARY *of Financial Terminology*

Earnings/ (Loss) Per share	:	Net Profit After Taxation/ Number of Shares
Dividend Per share	:	Dividends paid during the year/ Number of Shares
Return on Equity	:	Profit/(Loss) after Tax / Shareholders' Funds
Dividend Payout Ratio	:	Declared or Proposed Dividend for the year/ Profit after tax for the year
Price Earning Ratio	:	Market Value as at year end/ Earning Per Share
Interest Cover	:	Profit Before Interest/ Interest
Current Ratio	:	Current Asset/ Current Liabilities
Liquidity Ratio	:	(Current Asset - Stocks)/ Current Liabilities
Gearing Ratio	:	Total Long Term Loans/ Shareholders' Fund
Net Asset per share	:	Shareholders' Funds/ Number of Shares

NOTICE *of Meeting*

NOTICE IS HEREBY GIVEN that the Sixty Seventh (67th) Annual General meeting of the Company will be held by way of electronic means on the 02nd August 2022 (Tuesday) at 11.00 a.m. centered at the Board Room of the Registered office of the Company, No. 148, Maligawa Road, Borupana, Rathmalana for the following purposes.

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the year ended 31st March 2022, together with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. Sanjay Tiwari who retires by rotation in terms of Article 98 of the Articles of Association of the Company and being eligible has offered himself for re-election.

3. To re-elect as a director Mr.R.M.S.Fernando, who attained the age of 79 years on 29th September 2021 and retires pursuant to section 210 of the Companies Act. No.07 of 2007 and to resolve that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. R.M.S.Fernando and that he shall accordingly be re-appointed.

4. To re-elect as a Director Dr. C.T.S.B.Perera who attained the age of 76 years on 16 th April 2021 and retires pursuant to section 210 of the companies Act No .07 of 2007 and to resolve that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Dr. C.T.S.B.Perera and that he shall accordingly be re-appointed.

5. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company until the next Annual General Meeting and to authorize the Directors to fix their remuneration.

6. To approve the donations and contributions made by the directors during the year under review and to authorize the Board to determine donations and contributions for the ensuing year

Note:

Any shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him.

A proxy need not to be a shareholder. Instruments appointing proxies must be lodged with the Company not less than 48 hours before the meeting.

By Order of the Board

Ms.Sagarika Weeraparackrama
COMPANY SECRETARY & SENIOR MANAGER LEGAL
PGP GLASS CEYLON PLC
148, Maligawa Road, Borupana,
Rathmalana.

Colombo on this 10th May 2022

NOTES

FORM *of Proxy*

ANNUAL GENERAL MEETING

1	**Full Name of Shareholder**	
2	**National Identity Card Number of Shareholder**	
3	**Address of Shareholders**	
	Being a member/members of the PGP Glass Ceylon PLC hereby appoint:	
4	**Name of Proxy holder**	
5	**National Identity Card Number of Proxyholder**	
6	**Address of Proxyholder**	

"Failing him, Mr.Vijay Shah,the Chairman of PGP Glass Ceylon PLC,or failing him,Dr.C.T.S.B.Perera or failing him Mr.R.M.S.Fernando or failing him,Mr.Sanjay Jain or failing him,Mr.Sanjay Tiwari as my /our proxy to speak / vote for me / us on me / our behalf at the 67th Annual General Meeting of the Company to be held by way of electronic means the on the 02nd August 2022 (Tuesday) at 11.00 a.m. centered at the Board Room of the Registered office of the Company, No. 148, Maligawa Road, Borupana, Rathmalana at any adjournment thereof and at every poll which may be taken in connection with such meeting and to vote as indicated below."

		For	**Against**
1	To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the year ended 31st March 2022, together with the Report of the Auditors thereon.		
2	To re-elect as a Director Mr. Sanjay Tiwari who retires by rotation in terms of Article 98 of the Articles of Association of the Company and being eligible has offered himself for re-election.		
3	To re-elect as a director Mr. R.M.S.Fernando, who attained the age of 79 years on 29th September 2021 and retires pursuant to section 210 of the Companies Act.No.07 of 2007 and to resolve that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr.R.M.S. Fernando and that he shall accordingly be re-appointed.		
4	To re-elect as a Director Dr.C.T.S.B.Perera who attained the age of 76 years on 16 th April 2021 and retires pursuant to section 210 of the Companies Act No .07 of 2007 and to resolve that the age limit of 70 years reffered in section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Dr.C.T.S.B.Perera and that he shall accordingly be re-appointed.		
5	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company until the next Annual General Meeting and to authorize the Directors to fix their remuneration.		
6	To approve the donations and contributions made by the directors during the year under review and to authorize the Board to determine donations and contributions for the ensuing year.		

7	**Number of Shares held**	Central Depository System		Non Central Depository System	
8	**Signature of Shareholder**				
	Date				

ATTENDANCE SLIP

SHAREHOLDER - PLACE YOUR SIGNATURE ONLY IN THE SPACE PROVIDED
PROXYHOLDER - PLACE YOUR NAME, NIC NO, SIGNATURE IN THE SPACE PROVIDED

SIGNATURE OF SHAREHOLDER	
SIGNATURE OF PROXYHOLDER	
PROXYHOLDER'S FULL NAME	
PROXYHOLDER'S NIC NUMBER	

Important : Please bring your National Identity Card when you attend the Meeting

FORM *of Proxy*

A Proxy need not be a member of the Company.

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

Shareholders are requested to:

1. Forward the completed form of proxy to the Registered Office of the Company, PGP Glass Ceylon PLC at No. 148, Maligawa Road, Borupana, Ratmalana, not less than 48 hours before the time appointed for the holding of the meeting.

2. The completed Form of Proxy can be forwarded via email address of **agm.2022@pgpfirst.com** or handover to the Registered office of the Company apart from posting.

3. Perfect the form of proxy by filling in all necessary details legibly, signing and dating.

4. Complete the form in capital letters.

5. Please indicate with an "X" in the space provided, how your Proxy is to vote on each rosolution. If no indication is given, the Proxy, at his/her discretion, will vote as he/she thinks fit.

   If the Shareholder is a Company or a Corporate body the form of the proxy should be executed under the common seal in accordance with its Articles of Association.
   In the case of proxy signed by an Attorney, the power of Attorney must be deposited at the Registered office of the Company for registration.

PGP Glass Factory Locations

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PGP Glass Private Ltd,
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Masar Gajera Road,
Village-Ucchad, Tal-Jambusar
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Gujarat, India.

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