

ANNUAL REPORT 2022/23



CEYLON FERTILIZER COMPANY LIMITED

Ceylon Fertilizer Company Limited

Lakpohora Swarna Jayanthi Mawatha,
Hunupitiya, Wattala, Sri Lanka.

Telephone : 011-2 930 298 / 99 | Fax : 011-2 947 763
E-mail : info@lakpohora.lk | Web : www.lakpohora.lk

Partnering *for* prosperity



Sri Lanka's agricultural landscape is a testament to the resilience and hard work of our farmers. At Ceylon Fertilizer Company Ltd., we believe that true prosperity is achieved through a strong partnership between farmers, the government, and industry. Our commitment to providing essential fertilizers is just the beginning. We are dedicated to empowering farmers with knowledge, resources, and support to optimize their yields and livelihoods. By working hand-in-hand, we can unlock the full potential of our agricultural sector.

The journey towards a prosperous and sustainable agricultural future requires innovation and collaboration. Fertilizer Company is at the forefront of this transformation. Through research and development, we are continuously striving to develop fertilizer solutions that address the evolving needs of our farmers and the environment. By fostering partnerships with research institutions and agricultural experts, we are driving advancements in technology and best practices to enhance productivity and protect our natural resources.



Ministry of Agriculture

80/5, Govijana Mandiraya,
Rajamalwatta Avenue, Battaramulla, Sri Lanka.

Telephone : +94 11 2 868 920 | Fax : +94 11 2 863 497
E-mail : info@agrimin.gov.lk | Web : www.agrimin.gov.lk

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ISO 14001: 2004
Environmental Quality
Certification



Annual Reports Awards
2014
Compliance Award



JASTECA CSR Awards
2014
Merit Award



CNCI Achievers Awards
2014
National Level Merit Award



National Agri Business Awards
2014
Silver Award



National Productivity Awards
2012/13
Second Place



Sri Lanka National
Quality Award 2013
Silver Award



SLCBCC Business Star
2014
Silver Award



Akimoto 5S Awards
2014
Merit Award



National Business Excellence
Awards 2014
Golden Award



Human Resource Management
Awards 2013
Merit Award

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A CORNERSTONE OF SRI LANKAN AGRICULTURE

Established in 1964 with the support of the Republic of Germany, Ceylon Fertilizer Company Ltd. (CFCL) has been at the heart of Sri Lanka's agricultural progress. As a fully state-owned enterprise under the Ministry of Agriculture, our primary mission is to ensure the nation's farmers have access to high-quality fertilizers.

Through decades of dedicated service, we have built a robust distribution network, reaching farmers across the island. Our commitment to quality has been unwavering, as we import, blend, and manufacture fertilizers to meet the diverse needs of Sri Lankan agriculture.

In line with government initiatives, we have modernized our operations and expanded our reach. The integration of Thamankaduwa Agri Fertilizer Company in 2008 strengthened our presence and capacity to serve farmers even more effectively.

Today, we stand as a vital partner in Sri Lanka's agricultural prosperity. This annual report highlights our achievements, challenges, and strategic direction as we continue to nourish the nation and empower our farming communities.

CORPORATE INFORMATION



Company Name

Ceylon Fertilizer Company Limited

Company Registration Number

PB 499

Legal Nature

A limited liability company
incorporated in Sri Lanka with
full ownership vested with the
Secretary to the Ministry of Finance

Registered Office and Address

Ceylon Fertilizer Company Limited
Lakpohora Swarna Jayanthi Mawatha,
Hunupitiya, Wattala, Sri Lanka.

Tel : +94 11 2 930 298 / 99

Fax : +94 11 2 947 763

E-mail : info@lakpohora.lk

Web : www.lakpohora.lk





For **PADDY** **Cultivation**

Straight fertilizers including Urea, Muriate of Potash, Triple Super Phosphate, Zinc Sulphate
Sare provided to farmers by us.

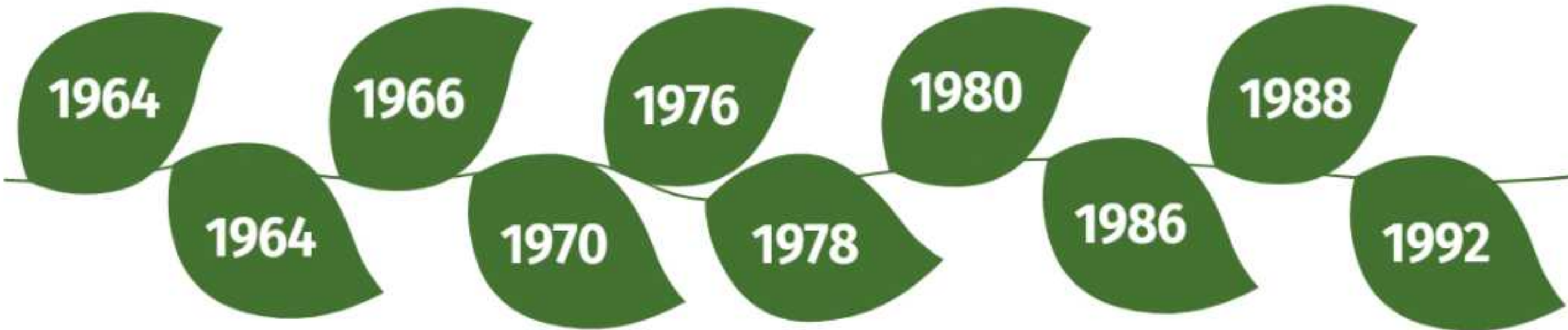
Ceylon Fertilizer Corporation (CFC) established under the Agriculture, Food and Cooperatives' Ministry headed by Hon. Felix Dias Bandaranaike with an initial investment of just Rs. 58,000 and with Senior Additional Secretary of the ministry Mr. Sam Silva as its first Chairman. The Head Office was at Darley Road and the stores capable of handling 80,000 MT was established at Hunupitiya. With no money to hire a van Mr.K.K. Anthony, one of the first employees of the corporation picks up 12 wicker baskets to be used for discarded paper for the newly established corporation and bicycles back to the HO with those baskets hung around his bicycle.

The corporation's products are sold under the brand name "Lanka Pohora" (Ceylon Fertilizer)

Mixing operations commence at the Hunupitiya facility with a mixing capacity of 35 MT/hour. 70,000 MT was thus mixed here. The monopoly of private companies in the import, manufacture and distribution was broken forever.

With the introduction of the open economy, the sector-leader status of the CFC is lost. Responding aggressively to private sector competition, the corporation expands its distribution network which hitherto was exclusively through cooperatives and agrarian services centers to authorized private dealers.

The permit system is abolished and the fertilizer subsidy introduced.



Chemical fertilizer import and distribution was banned by the government as a government policy instead of that organic fertilizer purchasing, manufacturing and distribution launched by the CFC.

In 2016, the state policy for a toxin free nation focusing on organics was introduced and the CFC aligned itself with these directives by focusing more on organic fertilizer manufacture.

52 high quality fertilizer stores established island wide as well as a transportation network with GPS tracking technology.

The company, guided by wise management decisions starts to pull itself out of the red. It reduces It turns itself around and by 2013, has a net asset worth of Rs.1606 million black paying Rs.39 million as profit back to the treasury.

With the promise of the government not to privatize state agencies, a new board of management was appointed to the CFC and the company was re-registered under the Companies Act Number 07 of 2007

OVER THE YEARS,
WE SPARED NO
EFFORT TO FERTILIZE
OUR FARMERS.

Economic storm clouds loom as we look into a potentially darkened future but Lakpohora has weathered such crises before in its long and storied history serving the fertilizer needs of our farmers.

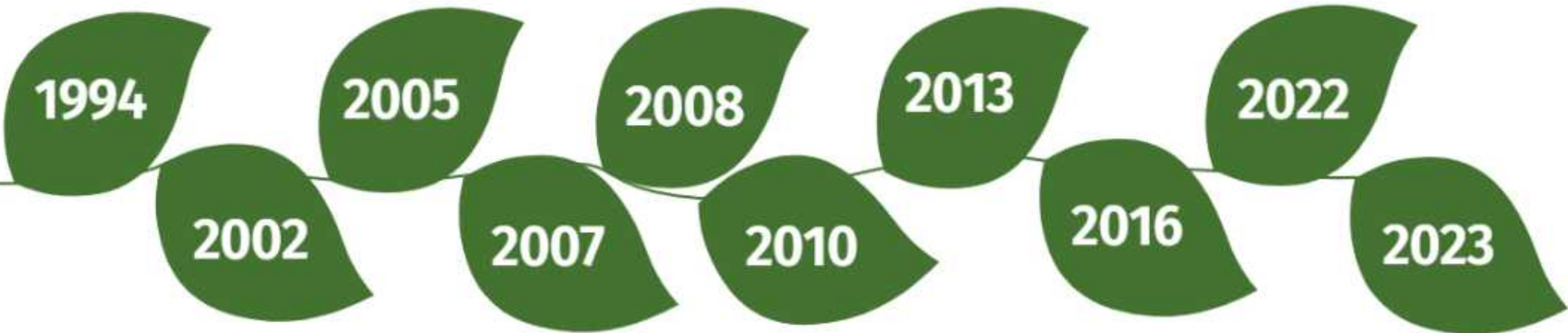
A critical year in the history of the corporation when the government decided to divest itself of these assets. The Hunupitiya facility became the Ceylon Fertilizer Corporation while five other limited liability companies were created based on the geographic spread of the stores. Three of these were subsequently sold to private interests while the Thamankaduwa Fertiizer Company and the Ceylon Fertilizer Corporation were run as two separate companies.

Work on establishing regional warehouses in Maho, Weligama, Polonnaruwa and Anuradhapura is started with a gift of Rs. 28 million and technical assistance from the German Government.

The newly established stores are now fully operational with capacities ranging from 13,000MT – 16,000MT. For the first time, marketing material is created and distributed by the corporation.

The fertilizer coordinating committee established by the state to optimize the distribution of fertilizer. Through this committee, the first education, training and awareness programs on fertilizer use started for the agricultural community.

With a Rs.22 million from the German Government, the modernization of the central store at Hunupitiya is completed. A new mixer capable of 30Mt/hour is also installed.



The company was in serious fiscal vulnerability with net assets amounting to 330 million red.

The historic paddy fertilizer subsidy commenced by the then government. A massive program to provide a 50kg bag of fertilizer at the subsidized rate of Rs.350 per bag was implemented providing relief to 70% of farmers.

The Head Office of the CFC which has been at Chatham Street was shifted to the Hunupitiya facility.

The main responsibility of efficiently running the fertilizer subsidy was vested in the CFC. During these years of war, it worked hard to provide fertilizer to outliers and remote rural areas despite significant terrorist threats.

Following the lifting of the previous regime's ban on chemical fertilizers, imports resumed with support from various aid programmes and projects, including the Indian credit line, the World Bank, the Asian Development Bank, Japanese aid, the European Union, and the United Nations.

BOARD OF DIRECTORS

Chairman / Director

Dr. B.K. Jagath Perera

Directors

Mr. S.L. Jayantha Rohana
30.11.2022 – Continue

Mr. M.G. Nimal Priyankara
30.11.2022 - Continue

Mr. Sunil Galagama
01.04.2022 - 31.03.2023

Mr. J.M. Saman Nandana Jayasinghe
01.04.2022 - 24.01.2023

Mr. W.H. Manjula Hiroshan
01.04.2022 - 30.11.2022

Mr. H.M.J. Pushpa Kumara Herath
01.04.2022 - 30.11.2022

Mr. R.W. Gamage
21.02.2023 – Continue

Mr. T.M.D. Parakrama Tennakoon
24.01.2023 – Continue

Company Secretary

Mrs. A. M. Chamila Swarnamali Thilakarathne

Management Team

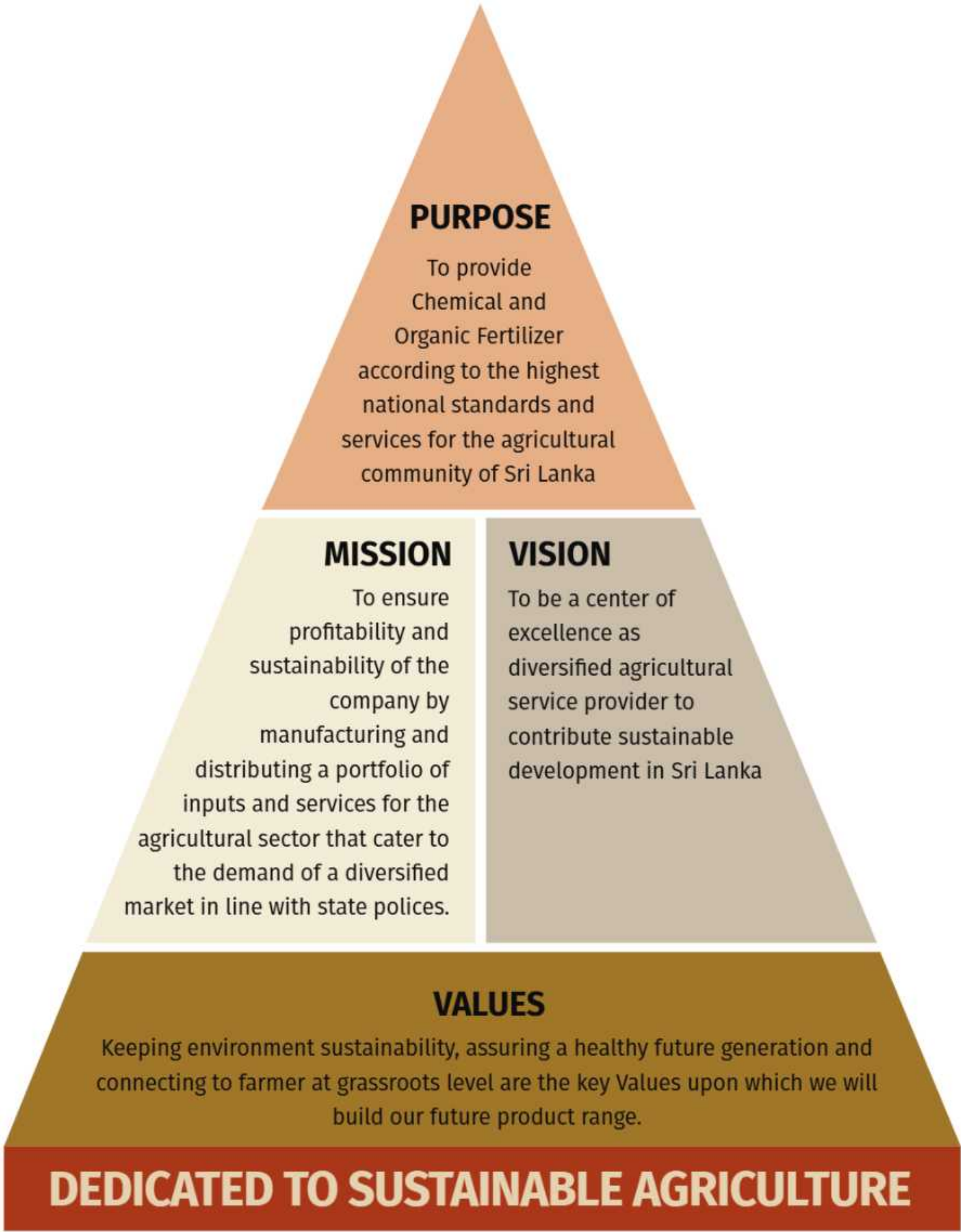
Mrs. M. L. U. Perera	Act. General Manager, Lab Manager
Eng. D. M. N. A . Disanayaka	Manager – Technical
Mr. R. A. P. Perera	Manager – Distribution
Mrs. R. P. S. Bodhipala	Manager – Sales and Marketing
Mr. M. R. U. Wijesuriya	Act. Manager -Sales and Marketing
Mrs. T. S. S. Dharmabandhu	Act. Manager – Admin and HR
Mrs. M. G. D. Gayani	Act. Manager – Finance
Mr. G. G. Saman	Act. Manager – Procurement and Imports
Mr. P. A. Dharmathilake	Act. Manager – Procurement and Imports



For **Tea** **Cultivation**

T-65, T-200, T-750, UT-1625, UT-397, UT-752,
VPLC-880, VPLC-945, VPUM-910, U-625,
ST/UM-400, STUVA-435, U-709

THE FUNDEMENTALS OF OUR EFFORT





For
VEGETABLES
and **Cash Crops**

Specially blended fertilizers for vegetables,
fruits, potatoes, chillies, cow-pea, peanuts,
green gram and maize etc.

FINANCIAL HIGHLIGHTS



INCOME
**LKR 536
MILLION**



PROFIT
BEFORE TAX
**LKR 112
MILLION**



TOTAL
ASSETS
**LKR 31
BILLION**

Financial Highlights and YoY Ratios			
Item	2023 (LKR)	2022 (LKR)	Ratio (%)
	Rs.	Rs.	%
Income	536,112,271	1,209,392,948	-56
Profit before tax	112,960,670	65,348,609	73
Profit after tax	120,800,836	81,575,919	48
Earnings per share	2.40	1.62	48
Benefits on assets	1.71%	3.47%	-51
Benefits on liabilities	0.08%	0.19%	-58

Financial Position and YoY Ratios			
Item	2023 (LKR)	2022 (LKR)	Ratio (%)
	Rs.	Rs.	%
Total Assets	31,438,815,910	34,851,369,347	-9.79
Total Equity	6,419,412,162	6,390,226,207	0.45
Number of shares issued	50,245,608	50,245,608	0
Net assets per share	127.76	127.18	0.46

FINANCIAL SUMMARY FOR LAST TEN YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS
(Restate)										
(Restate)										
Statement of Comprehensive Income										
Revenue	2,563,549,777	3,835,989,834	4,242,769,733	2,350,637,985	3,373,989,990	1,869,949,695	2,100,583,296	2,257,657,781	1,209,392,948	536,112,271
Gross profit	575,467,461	855,558,167	1,097,447,923	231,025,777	31,497,063	189,371,158	267,726,824	416,141,028	340,447,531	211,271,266
Other income	93,172,755	142,197,667	122,926,594	29,096,825	45,440,368	107,856,870	209,623,485	118,465,561	104,584,039	52,651,785
Profit before taxation	241,328,764	520,200,738	836,604,005	127,804,541	39,346,123	119,782,045	188,443,929	162,590,416	65,348,609	112,960,670
Taxation	(62,869,313)	134,184,888	(233,331,176)	11,787,491	(63,882,188)	(154,240,094)	(90,450,653)	(38,197,672)	16,227,311	7,840,166
Profit for the year	178,459,452	386,015,851	603,272,829	139,592,032	(24,536,064)	(34,458,049)	97,993,276	124,392,743	81,575,919	120,800,836
Statement of Financial Position										
Stated capital	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080
Revaluation reserve	1,835,723,580	1,833,071,080	1,833,071,080	2,506,976,187	2,028,858,589	2,291,788,758	2,297,282,725	2,317,365,710	2,318,306,775	2,256,835,668
Retained Earnings	1,500,363,432	1,869,914,195	2,392,840,203	2,899,788,327	2,792,590,448	2,736,987,204	3,341,503,885	3,526,156,689	3,569,463,352	3,660,120,415
Total equity	3,838,543,092	4,205,441,355	4,728,367,363	5,909,220,594	5,323,905,117	5,531,232,042	6,141,242,690	6,345,978,479	6,390,226,207	6,419,412,162
Property, plant and equipment	1,879,174,306	1,865,055,225	1,838,655,988	2,683,237,393	2,636,328,307	2,744,935,187	2,705,686,663	2,665,990,105	2,632,653,373	2,599,875,848
Capital working progress	-	29,982,587	32,152,294	21,960,737	22,316,114	676,729	676,729	676,729	676,729	676,729
Deferred tax expense	5,561,375	37,484,888	-	-	-	-	5,493,967	21,992,312	941,065	-
Investment in treasury bills	369,088,140	489,125,747	514,903,604	532,548,539	439,277,353	634,370,554	698,334,484	730,446,740	807,101,718	958,141,229
Intangible assets	344,777	115,417	79,667	-	-	17,501,026	13,754,126	9,560,797	4,978,638	396,479
Deferred tax assets	-	-	-	-	-	-	-	-	-	61,471,108
Net current assets	2,025,842,182	2,417,551,302	2,963,028,124	3,020,938,645	16,516,623,681	9,121,613,694	3,658,556,182	19,880,264,806	17,377,956,119	26,220,498,306
Deferred tax liabilities	6,647,539	44,132,427	40,928,542	251,974,437	242,009,768	643,022,709	169,037,795	139,082,220	100,894,788	115,263,533
Long term loan	17,728,367,618	31,304,325,268	-	-	20,746,712,026	14,795,213,338	-	15,991,700,302	13,451,229,712	22,206,902,897
Cash Flow Statement										
Net cash inflow/(out flow) from operating activities	(5,094,105,859)	(9,560,794,959)	4,859,448,679	11,542,320	8,052,725,854	182,709,212	(282,165,789)	(5,899,813,904)	(5,400,427,510)	(2,965,737,613)
Net cash inflow/(out-flow) from investing activities	(498,105,232)	(1,021,212,231)	(1,086,700,012)	(908,705,035)	278,487,418	1,301,650,014	1,435,897,612	37,785,222	(30,254,644)	54,882,051
Net cash inflow/(out-flow) from financing activities	5,654,013,585	10,614,850,014	(3,843,885,272)	(7,628,967,604)	834,304,831	5,966,502,687	(691,730,383)	5,554,446,115	5,532,756,693	(2,819,139,600)
Other Information										
Earning per share (Rs)	3.55	7.68	12.01	2.78	(0.49)	(0.69)	1.95	2.48	1.62	2.40
Dividend per share (Rs)	1.05	2.30	3.60	0.83	(0.15)	(0.21)	0.59	0.37	0.24	0.36
Net asstes per share (Rs)	-	84	94	118	116	110	122.22	126.30	127.18	127.76
Current ratio (No.of times)	-	1.06	1.09	1.09	2.60	1.60	1.19	3.08	2.17	11.02



For

COCONUT Cultivation

YPM(W)/(D), APM(W)/(D),

Toddy tapping(W)/(D)



MESSAGE FROM THE CHAIRMAN



It gives me immense pleasure to present the Annual Report for the financial year 2022/2023 of Ceylon Fertilizer company Limited. This year has been marked by challenges and milestones, reflecting our resilience, innovation, and commitment to serving Sri Lanka's agricultural community.

Our company remains a cornerstone in supporting Sri Lanka's agricultural sector. Despite facing global economic turbulence and supply chain disruptions, we achieved remarkable progress in fertilizer production and distribution. During the year under review, Ceylon Fertilizer Company Limited distributed 105,576 metric tons of straight fertilizer for paddy cultivation through our extensive distribution network, which includes 45 regional fertilizer stores, 342 agrarian service centers, and a fleet of over 1,000 lorries which has ensured timely delivery of fertilizers to over 95% of farming families across the island and considerable quantity for other crops, ensuring that our farmers received the necessary resources for optimal yields. These accomplishments underline our dedication to advancing both traditional and modern farming techniques.

We also improved our crop-focused approach to fertilizer sales. For example, during the 2022/2023 period, 40% of mixed fertilizers catered to

coconut farming, 33% to tea, and 10% to export crops, demonstrating our alignment with national agricultural priorities.

The financial results for year reflect stability amidst volatile conditions. Our revenue for the year stood at LKR **536 Mn**, and we achieved a profit before taxation of LKR **112 Mn** and Assets of **31Bn** showcasing our ability to navigate challenges effectively. These figures reaffirm our position as a vital contributor to the national economy.

We firmly believe that our employees are the backbone of our success. In recognition of their dedication, we implemented several welfare initiatives during the year by awarding gold coins to employees who completed 25 years of service. Celebrated sporting achievements with financial rewards. Extended financial aid to employees affected by natural disasters. Honored the academic achievements of employees' children with gifts. These initiatives highlight our unwavering commitment to fostering a supportive and empowering workplace.

As a responsible corporate entity, we have embraced sustainable practices, including the production of organic fertilizer. Looking ahead, we aim to further integrate sustainability into our operations and explore innovative solutions to meet the evolving needs of Sri Lanka's farmers.

I extend my heartfelt gratitude to Hon.Minister of Agriculture, Secretary to the Ministry of Agriculture, Board of Directors of Ceylon Fertilizer Company Limited, stakeholders for their unwavering support. Together, we will continue to strengthen our contributions to the agricultural sector and drive progress for our nation.

A handwritten signature in black ink, appearing to be 'Dr. Jagath Perera', written over a horizontal line.

Dr.Jagath Perera
Chairman
Ceylon Fertilizer Company Limited

STATEMENT OF THE GENERAL MANAGER



I am pleased to present you the Annual Report and audited Financial Statements of Ceylon fertilizer Co Ltd for the financial year 2022/2023 and address our valued shareholders, our partners and stakeholders as yet another financial year comes to an end

As a State owned company to exercise the state policies we have acted our best to overcome the challenges and were able to supply fertilizer to the farmer community within the stipulated time for the financial year ended 31st March 2023,

Company Performance beginning of the year under review was not much healthy period for the whole country due to the impact of covid 19 global pandemic. Anyhow, we were able to stand strong and perform our duties amidst of the challenges occurred.

As a prime entity we had to follow state policies and able to distribute eco- friendly fertilizers among the farmer community without any delay and programs were implemented to improve farmer awareness of the positives of using organic fertilizer. And we are very pleased to inform that we have played a key role in the development of Agriculture industry in our country.

But due to the low nutrient content in organic fertilizer compared to chemical fertilizers, the crop yield significantly decrease and policy decision

was taken to convert to chemical fertilizer. Accordingly procurement activities were done by the Ministry of agriculture under the international competitive bidding system to purchase chemical fertilizers.

The financial provisions need for importing chemical fertilizers were provided by World Bank, Asian Development Bank and government of India under the loan aids. As a result of that main straight fertilizers Urea, MOP and TSP were imported and distributed among farmers under the subsidiary scheme. As well we had to distribute TSP & Urea for small holder farmers donated by UN Food & Agriculture Organization (FAO).

During this fiscal year, in its efforts to introduce the chemical fertilizer mixtures again to farmers and promotion programmes were implemented to improve farmer awareness islandwide. All the fertilizers are quality tested before put into the market.

The journey so far has been very successful and the future seems to be promising. Strong determination and will power of our team will drive us to make more and more achievements along the way irrespective of many obstacles, challenges and difficulties. We believe in ourselves knowing very well that the potential is there for us to excel in many ways that are yet to be recognized. We know that we have the talent, commitment and expertise to become a team of trendsetters in the field of agriculture.

I sincerely thank to the Chairman of Lakpohora and its Board of Directors and every single member of the lakpohora family for their kind assistance who help to me to achieve the goals.

A handwritten signature in black ink, appearing to be 'M. L. U. Perera'.

Mrs. M. L. U. Perera
Act. General Manager
Ceylon Fertilizer Company Limited

BOARD OF DIRECTORS



Dr. B.K. Jagath Perera
Chairman / Director

Dr. Perera brings extensive leadership experience and a strong academic background to his role as Chairman/Director of Ceylon Fertilizer Co. Ltd. He holds a PhD in Strategic Management from IICUT, Cambodia, a B.Com Marketing (Special) degree from the University of Sri Jayewardenapura, and a Diploma in Civil Engineering from Stafford Institute.

Dr. Perera has a proven track record of successful leadership in both the public and private sectors. He has served as Chairman of several prominent organizations, including Colombo Commercial Fertilizer Co. Ltd, Lanka Coal Company (Pvt) Ltd, Ceylon Fisheries Corporation, Cey-Nor Foundation Limited, and State Engineering Corporation. With over 20 years of experience managing human resources and finance at New Flowers Home Design and Constructions, Dr. Perera possesses strong business acumen. His expertise in project planning and implementation, coupled with his experience in architecture, civil engineering, and financial control, makes him a highly valuable asset to Ceylon Fertilizer Co. Ltd.



Mr. J.M.S Nandana Jayasinghe
Director



Mr.W.H.Manjula Hiroshan
Director

Mr. Jayasinghe holds a degree from the University of Sri Jayewardenepura and post-graduate degree from the Sri Lanka Institute of Development Administration (SLIDA). Mr. Saman Jayasinghe is a Supra Grade officer of the Sri Lanka Administrative Service and held the position of Additional Director General of the Department of Public Enterprises under the Ministry of Finance before being appointed as the Excise Commissioner General.

Mr. W. H. Manjula Hiroshan is a Degree holder and a Director of Institute of post Harvesting Technology. He served as the member of the Board of Directors of the Ceylon Fertilizer Company Limited for the period from 11.02.2022 to 30.11.2022



Mr. H.M.J Pushpa Kumara Herath
Director

Mr. H. M. Janaka Pushpa Kumara Herath is a Social Activist in the Uva province and leading Tutor for Advance Level Students. He served as the member of the Board of Directors of the Ceylon Fertilizer Company Limited for the period of 11.02.2022 to 30.11.2022



Mr. S.L Jayantha Rohana
Director

Mr. Rohana brings diverse experience in education, broadcasting, and management to his role as Director at Ceylon Fertilizer Co. Ltd. He holds a Bachelor of State Management (Special) degree from the University of Sri Jayawardenapura, demonstrating his commitment to public service.

Mr. Rohana’s career has spanned various sectors. He served as a teacher, contributing to the development of future generations. He also worked as an announcer for the Sri Lanka Broadcasting Corporation, honing his communication and public engagement skills.

Currently, Mr. Rohana serves as Chairman of Sathosa Security & General Ltd, further demonstrating his leadership abilities. His varied background and commitment to public service make him a valuable addition to the Ceylon Fertilizer Co. Ltd Board of Directors.



Mr. T.M.D Parakrama Tennakoon
Director (Representative - Treasury)

Mr. Tennakoon brings a wealth of experience in finance and management to the Ceylon Fertilizer Co. Ltd Board of Directors. He is a Chartered Accountant and holds a Master of Business Administration (MBA) degree, demonstrating his strong foundation in business principles and financial management.

Mr. Tennakoon has a distinguished career in the finance sector, having served in key roles at several prominent organizations. He has held positions in the Sri Lanka Planning Service, Department of National Planning, and Department of National Budget, showcasing his expertise in public finance and policy.

His prior board experience includes serving as a Director at Paranthan Chemicals Company Ltd and as a member of the Peliyagoda Central Fish Market Management Trust Fund. Mr. Tennakoon's strong financial acumen and experience in both the public and private sectors make him a valuable asset to the Ceylon Fertilizer Co. Ltd.



Mr. Sunil Galagama
Director

Mr. Galagama holds a bachelor in Arts from the University of Sri Jayawardenepura, a masters in International Studies from the University of Queensland, Australia as well as post-graduate diplomas in economic development from the University of Colombo and counselling from the University of Sri Jayawardenepura. Over the course of his career as a civil servant, he has held many high level positions within the government including Additional Director General (Department of Public Enterprise), Additional Secretary - Administration (State Ministry of Promoting the Production & Regulating the Supply of Organic Fertilizer, and Advanced Technology Agriculture) and Additional Secretary -Special Projects (Ministry of Investment Promotions). At present, he is Additional Secretary – Development (Ministry of Health) in addition to being on the Board of Ceylon Fertilizer Company Limited.



Mr. M.G Nimal Priyankara
Director

Mr. Priyankara brings over 25 years of experience in sales, marketing, and corporate affairs to his role as Director at Ceylon Fertilizer Co. Ltd. He began his career in sales with Coca-cola before transitioning to the Maharaja Group, where he served as Events & Promotion Manager for brands like Pepsi, Sirasa TV, and S-Lon.

Mr. Priyankara further honed his corporate expertise at Fonterra Brands Pvt Ltd, holding positions as Co-operate Affairs Manager and Corporate Affairs Associate Director. His extensive experience in brand management, marketing, and corporate communications makes him a valuable asset to the Ceylon Fertilizer Co. Ltd Board of Directors.



Mr. R.W Gamage
Director

Mr. Gamage brings extensive experience in cooperative development and community leadership to his role as Director at Ceylon Fertilizer Co. Ltd. With 35 years of experience in the government sector as a cooperative inspector, he has a deep understanding of cooperative principles and practices.

Mr. Gamage's leadership roles include serving as General Manager of the Negombo Fisheries Cooperative Society, Chairman of the Habaraduwa Multipurpose Cooperative Society, and Director & General Manager of the Galle District Tea Manufacturing Cooperative Society. He also contributed to vocational training as Vice Chairman at NAITA for 6 years.

Beyond his professional achievements, Mr. Gamage has served as a Justice of Peace for over 25 years, demonstrating his commitment to community service and justice. His long-standing dedication to cooperative development and community leadership makes him a valuable addition to the Ceylon Fertilizer Co. Ltd Board of Directors.



MRS. A. M. C. S THILAKARATHNE
Company Secretary

Mrs. Chamila She is the present Company Secretary of Ceylon Fertilizer Company Ltd. and holding position of Assistant Manager (Legal) of Ceylon Fertilizer Company Ltd. Since 2009. She enrolled as an Attorney-at-Law in 2004 after obtaining a Honours pass from the Sri Lanka Law College. She is an Attorney-at-Law and a Notary public by Profession. She overlooks the legal frame work and Company Secretarial work of the entire Company. She had been served in the Consumer Affairs Authority before joining with the team of Ceylon Fertilizer Company Ltd. and she is also a Bachelor of Arts graduate of the University of Kelaniya.

SENIOR MANAGEMENT TEAM



Mrs. M. L. U. Perera
Act. General Manager,
Lab Manager



Eng. D. M. N. A Disanayaka
Manager – Technical



Mr. R. A. P. Perera
Manager – Distribution

She holds a Bachelor of Science Degree (Bio Science) from the University of Kaleniya and a post graduate Degree (M.Sc) in Analytical Chemistry from the University of Colombo. Joining the Ceylon Fertilizer Company Limited in 1996 and come along way with sound experience in fertilizer analysis.

Company's Technical Manager, Mr. Disanayake has a Science – Special (Engineering) Degree from the University of Peradeniya and a Post Graduate Degree in Business Administration (Finance) from the University of Kelaniya. He is a member of the Sri Lanka Institute of Engineers.

The Distribution Manager, Mr. R. A. Priyantha Perera holds a special degree in Sociology from the University of Colombo & Master of Human Resources Management University of Kelaniya of Sri Lanka. Additionally he holds Diplomas in Productivity & IT. He has followed advanced courses in Supply chain Management, industrial health and safety, environment management & fire safety.

SENIOR MANAGEMENT TEAM



Mrs. R. P. S. Bodhipala
Manager – Sales and
Marketing



Mr. M. R. U. Wijesuriya
Act. Manager -Sales and
Marketing



Mrs. T. S. S. Dharmabandhu
Act. Manager – Admin and HR

Marketing and Sales Manager of the company, Mrs. Suranganie Bodhipala holds a Science Special Degree in Agriculture (Plantation Management) from the University of Sabaragamuwa and a Post Graduate Degree from the Post Graduate Institute of Agricultural Science of the University of Peradeniya. Completed Higher National Diploma in Procurement & Control Administration (HN-D IPPCA) in Sri Lanka Institute of Development Administration (SLIDA). She has sound experience in plantation industry management.

Justice of the Peace (All Island) obtained a degree in Bsc. Management (public) from the university of Sri Jayawardenapura and He is currently in the Master of Business Administration from Postgraduate Institute of Agriculture , University of Peradeniya. He has 29 years experience at the company.

She holds a Bachelor of Labour Studies (Special) degree from the University of Colombo. a Masters in Sociology from the University of Kelaniya and holds a Professional Qualification in Human Resources Management from the Institute of Personnel Management Sri Lanka. She has 26 years' experience at the company.

SENIOR MANAGEMENT TEAM



Mrs. M. G. D. Gayani
Act. Manager – Finance



Mr. G. G. Saman
Act. Manager – Procurement
and Imports



Mr. P. A. Dharmathilake
Act. Manager
Procurement and Imports

Mrs. Gayani obtained a degree in B. com. (Special) From the University of Sri Jayawardhanapura and also she holds the Higher National Diploma in Accountancy (HNDA) in technical collage at Maradana . She holds the Associate memberships of the Association of public finance Accountants of Sri Lanka. She is one of the longest serving officers of the CFCL and counts 26 years experience at the company.

Mr. Saman is the acting manager of procurement and imports for the company and holds a degree in arts from the University of Colombo. He is currently taking a diploma course in procurement and contract management at the Development Administration Institute of Sri Lanka.

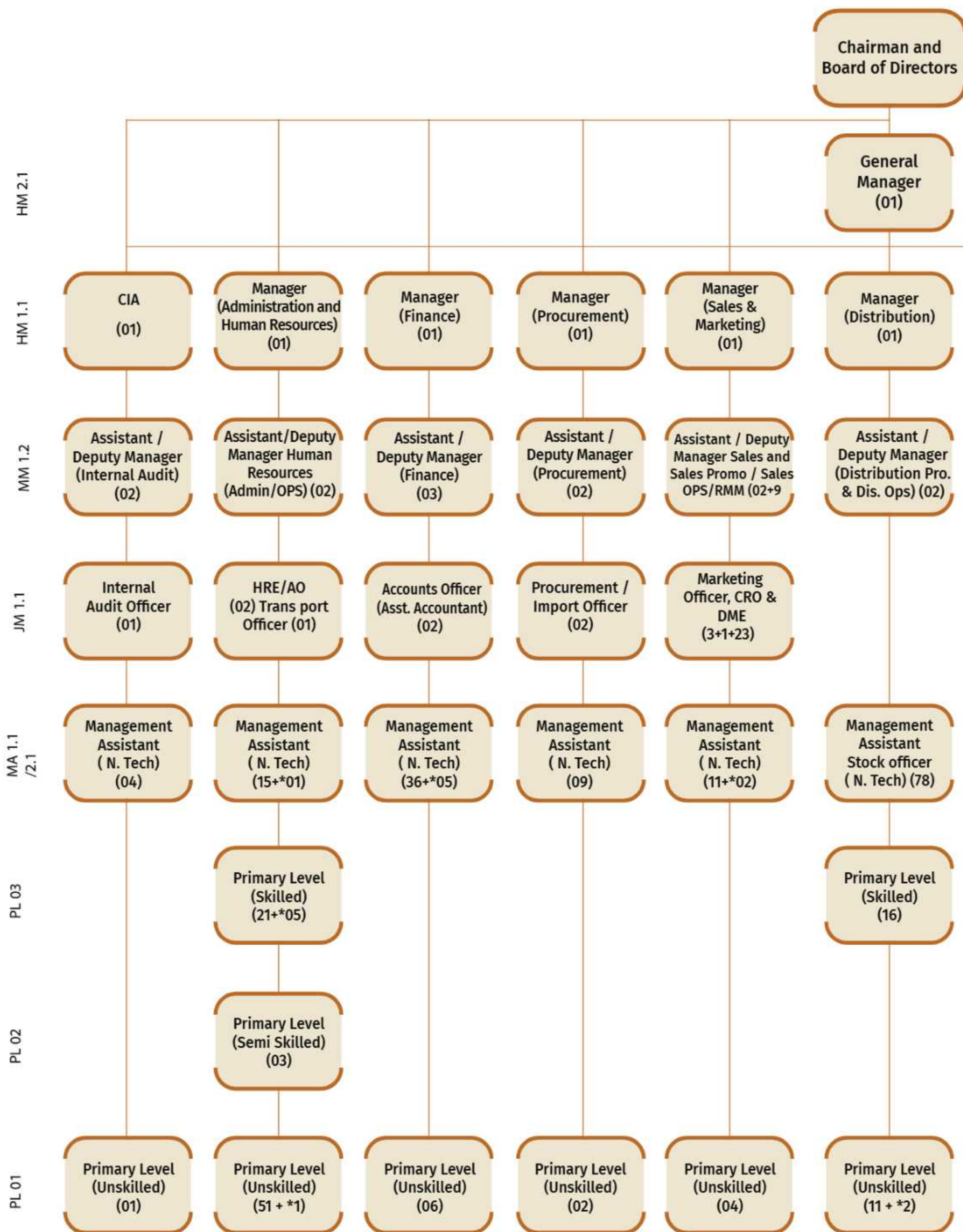
Dharmathilake is a skilled business professional with a special degrees in Business Management (Accountancy) and a Degree in Arts from Kelaniya University. His extensive experience spans sales, finance, and purchasing, and his creative pursuits include drama directing and playwriting.

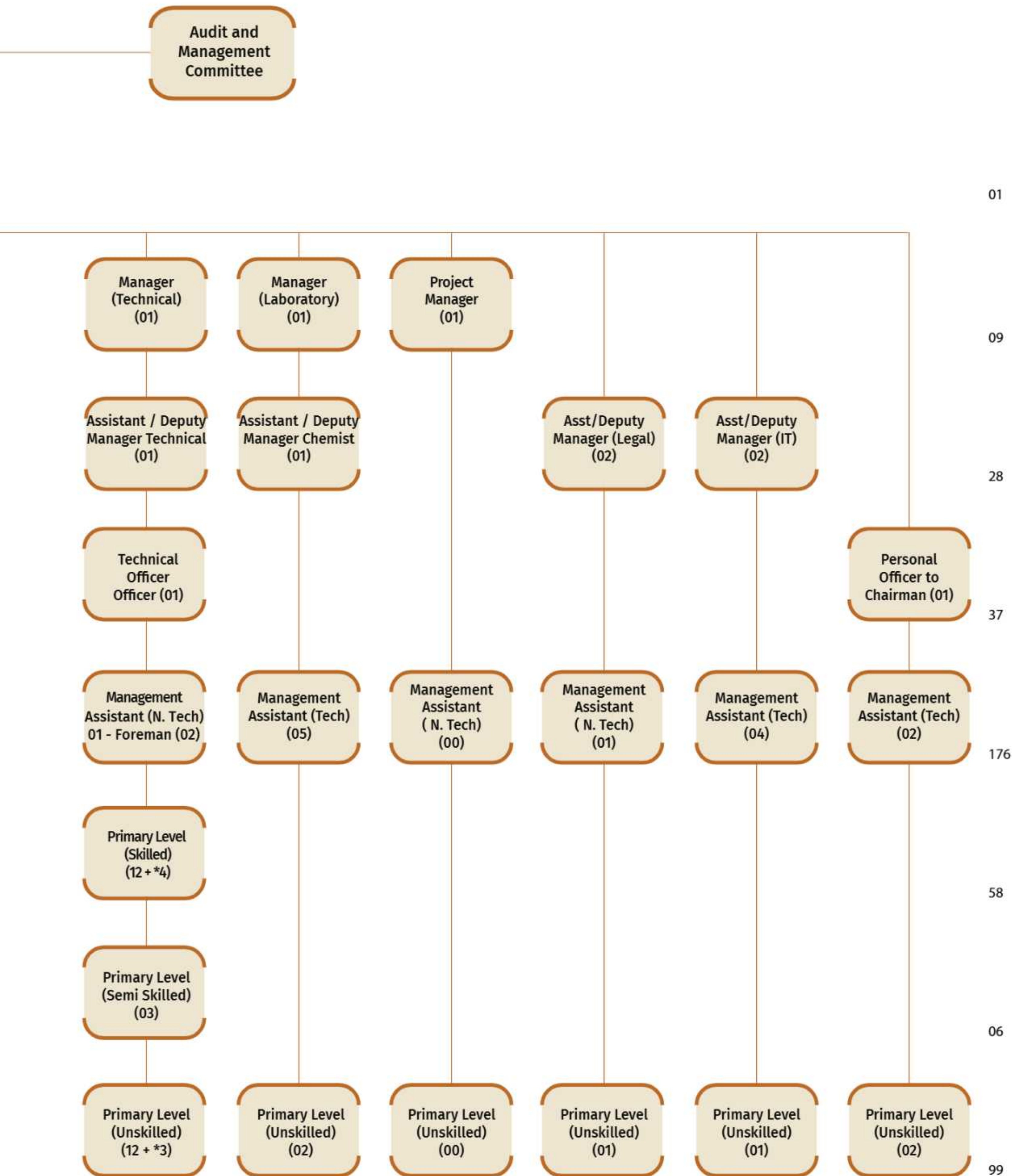


For
RUBBER
Cultivation

Specially blended fertilizer including R A - 465,
R U - 462, R U - 465, R/Y B, R /S A

ORGANIZATIONAL STRUCTURE

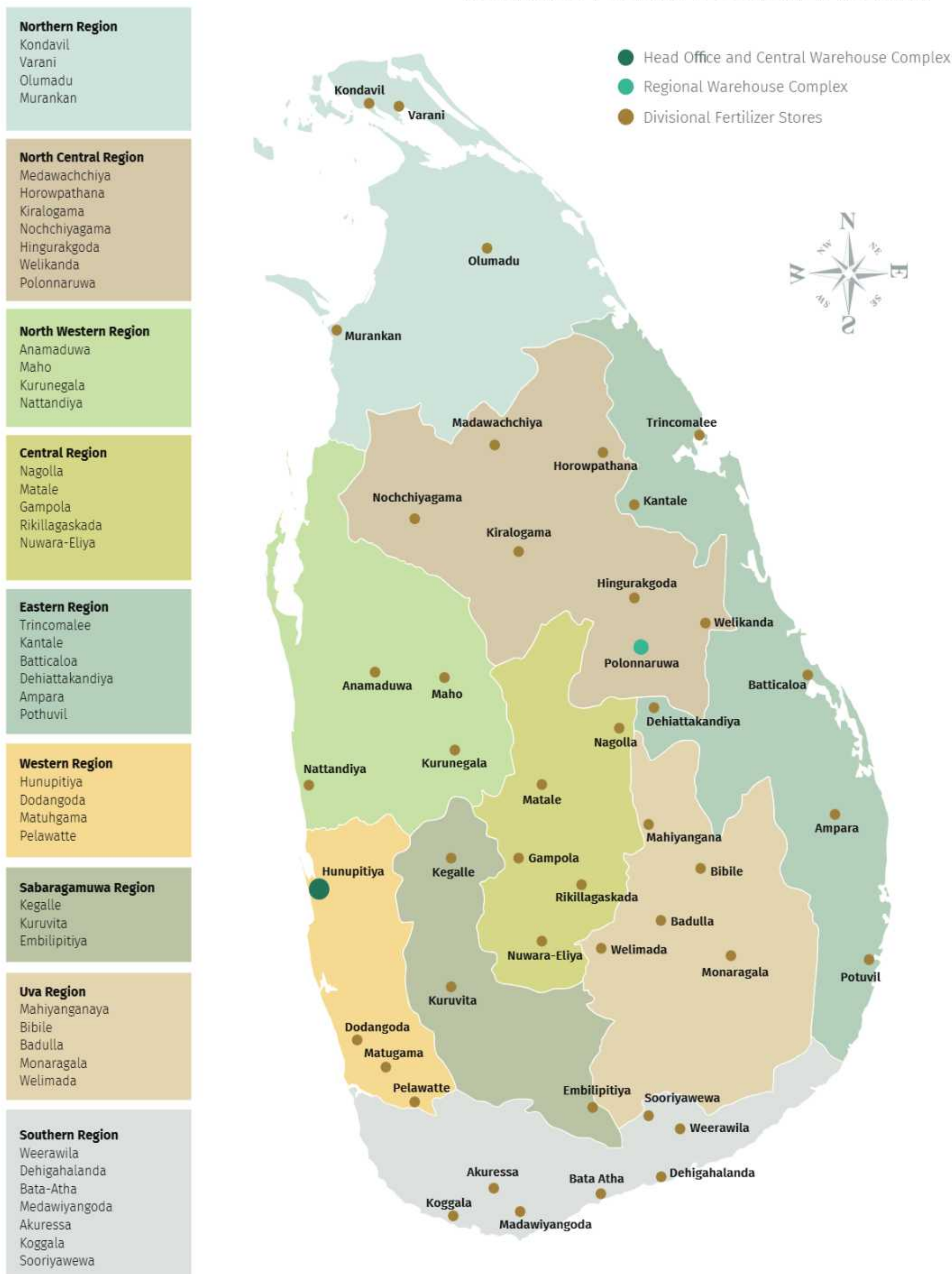




45 Island wide fertilizer distribution warehouse network....



Ceylon Fertilizer Co. Ltd. Islandwide Fertilizer Distribution Network



**MANAGEMENT REVIEW
AND
ANALYSIS**

The Financial Year 2022/23 has been the most eventful in the post-independent Sri Lanka due to the severe economic challenges caused by the shortage in the foreign currency which precipitated into a prolonged social unrest and a political crisis, sending shockwaves across the businesses and the Ceylon Fertilizer Company Limited was not spared.

And in fact, the role our company played during this crucial period could not have been more important in ensuring the food security of our country and the fellow citizens as the transition to organic fertilizer from chemical fertilizer during the previous financial year proved to be unsuccessful to its low crop yield, threatening the country with food shortage.

Hence we had to again rapidly shift back into chemical fertilizer as a higher level policy decision was taken to reverse the full organic pivot and ensure that we swiftly make procurements, at the time with the financial support from the multilateral agencies such as the World Bank, the Asia Development and also our neighboring bi-lateral

partner, India due to the prolonged shortages in the foreign currency.

We managed to swiftly blend them and bring them to the farmers as quickly as possible via our regional fertilizer stores, agrarian services centers and authorized dealers.

Despite the severe hardships confronted by the public during this period due to run-away inflation and the shortages in some of the essential commodities, our work with the support of our partners helped to prevent the worst and helped to ensure that our fellow citizens had the access to their basic foods.

Meanwhile our work in rising to the occasion also helped those engaged in export oriented agricultural crops to ensure that they have the access to necessary types of fertilizer to keep our export industries, both directly and indirectly depend on agriculture produce, who otherwise would have also been a casualty of the lack of fertilizer for their cultivation and better crops.

Context of macro-economic landscape during FY 2022/23

In CY2022, as said before Sri Lanka confronted its worst economic crisis since its independence, marked by severe public unrest and political instability. The crisis resulted from persistent budget and current account deficits, policy missteps such as the large tax cuts, ill-times and ill-thought out transition to organic farming, and delayed currency adjustments. These issues caused severe foreign exchange shortages, spiraling inflation, and a sharp decline in economic activity.

The government initiated an International Monetary Fund (IMF) supported program focused on debt restructuring, fiscal tightening, and structural reforms. By the middle of 2023, inflation moderated, foreign reserves improved, and the exchange rate stabilized.

Real GDP contracted by 7.8% in 2022, a sharp reversal from the 3.5% growth in 2021. Acute foreign exchange shortages led to fuel shortages, disrupted supply chains, prolonged power outages, and rising production costs.

Inflation skyrocketed driven by the global energy

and commodities prices spiraling due to both pandemic related supply chain snags which was further exacerbated by the 80% fall in the Rupee against the US Dollar since its floating in early March in 2022.

This sent the prices of energy, utilities and almost all other commodities exponentially higher, sending the inflation to its all-time high of 70% by September 2022, eroding the household incomes sharply.

The Central Bank responded by monetary tightening while the government responded by fiscal reforms predominantly by raising taxes and removing subsidies on energy and power by tying their prices to global market prices under an IMF backed economic reform program, inflicting more pain on the masses.

These measures however helped to stabilize foreign exchange conditions and restore economic confidence, despite significant short-term economic pain.

Sectoral performance

The Agriculture sector contracted by 4.6%, reversing the 0.9% growth seen in CY2021. Severe shortages of fertilizers and agrochemicals, heightened production costs, and supply chain disruptions impacted key subsectors, including rice, tea, vegetables, and rubber.

Paddy production dropped by 34.1%, reaching its lowest level since 2017, while tea and rubber production fell by 16.0% and 7.8%, respectively. Despite these challenges, sub-sectors like forestry, logging, and the cultivation of oleaginous fruits and spices showed growth, driven by improved input availability and better weather conditions, especially in the latter part of the year.

Meanwhile the Industries sector experienced a significant contraction of 16.0%, compared to a 5.7% growth in CY2021. Construction declined by 20.9%, while manufacturing shrank by 12.6%, due to raw material shortages, escalating costs, and tighter monetary policies.

Petroleum product manufacturing dropped by 58.2%, while food and beverage production declined by 14.2%. However, textiles and apparel recorded growth of 8.1%, supported by robust export demand.

The Services sector, despite showing some early resilience ended up contracting by 2.0%, reversing the 3.5% growth in CY2021. Subdued performance in wholesale trade and financial services

led the decline, despite growth in transportation and accommodation services.

Sri Lanka's nominal GDP expanded by 37.2% in CY2022 due to inflationary pressures, but its size in USD terms declined to \$77.1 billion from US \$ 88.5 billion in 2021, following significant currency depreciation. As a result the Per capita GDP fell from \$3,997 in CY2021 to \$3,474 in CY2022.

Inflation peaked at unprecedented levels, with the Colombo Consumer Price Index (CCPI) reaching 69.8% in September CY2022 before easing to 57.2% by December. Similarly, the National Consumer Price Index (NCPI) peaked at 73.7% in September, moderating to 59.2% by year-end.

Contributing factors included food, energy, and transport price increases, currency depreciation, and lagged monetary accommodation. Tight monetary policies and improved supply chains helped moderate inflation by late 2022.

Labor market conditions showed mixed results. The unemployment rate decreased slightly to 4.7% from 5.1% in CY2021, while labor force participation dipped to 49.8%.

Summary of Sales

Year	Paddy Subsidy (Mt.)	Organic Compost for Paddy (Mt.)	Direct Fertilizer for Other crops (Mt.)	Mixed Fertilizer for Other crops (Mt.)	Organic Pellet (Mt.)	Potting Mixtures (Mt.)	Organic Compost for Other crops (Mt.)	Total (Mt.)
2021/2022	89,661.200	-	8,682.346	1,136.257	494.118	-	-	99,973.921
2022/2023	106,681.950	5,391.110	7,134.274	275.428	3.270	3.321	168.715	119,658.068
	196,343.150	5,391.110	15,816.620	1,411.685	497.388	3.321	168.715	219,631.989

Other crops - Direct Sales - 2022/2023

FERTILIZER	Sales (Mt.)
UREA	3,829.350
TSP	25.150
MOP	16.100
SA	-
DAP	0.065
ZINC	0.098
SOP	-
CES	-
KIE	-
BORETE	-
ERP	3,221.601
HERP	-
DOL	41.910
Total	7,134.274

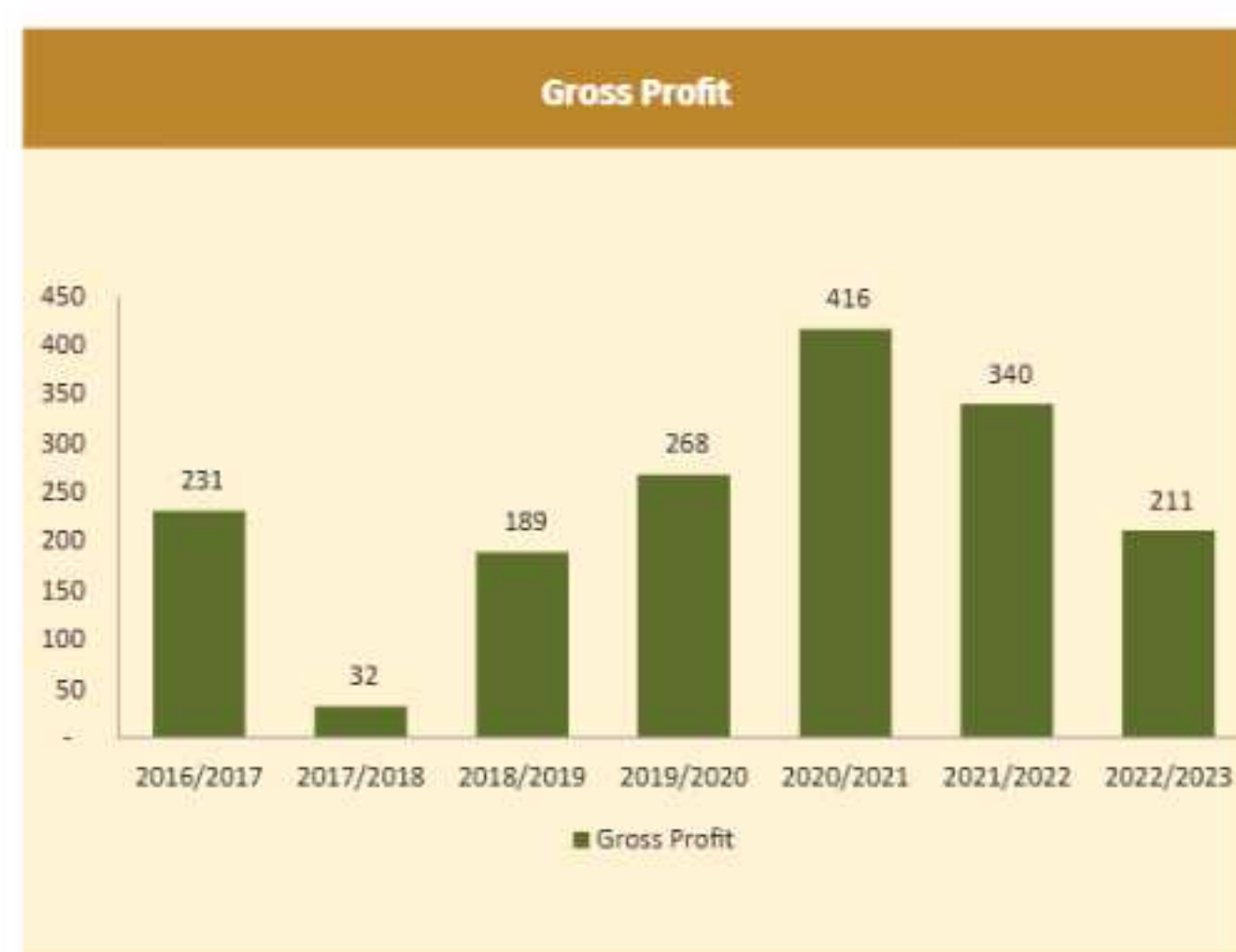
Financial Review



During FY2022/23, Ceylon Fertilizer Company Limited reported a significant 55.7% decline in revenue to LKR 536.11 million. Although the Sri Lankan government lifted the ban on chemical fertilizer imports at the end of CY2021, its effects persisted through CY2022. The ban had previously caused a substantial decline in agricultural output, leading to reduced farmer incomes and lower demand for fertilizers in subsequent seasons.

Additionally, some farmers transitioned to organic fertilizers and alternative practices during the ban period, decreasing reliance on chemical fertilizers. Compounding the issue, global fertilizer prices surged by nearly 30% in CY2022 due to rising input costs, supply chain disruptions linked to sanctions on Belarus and Russia, and export restrictions by China. These price increases further dampened demand, as many farmers reduced fertilizer usage or avoided purchases altogether.

Gross Profit



The Company reported a year-over-year (YoY) decline in gross profit of 37.9% to LKR 211.27 million, primarily due to the significant fall in topline as explained earlier.

Despite this decline in gross profit, the gross profit margin expanded by 11.3%, reaching 39.4%. This improvement can be attributed to the global fertilizer price dynamics. While fertilizer prices surged by 30% in 2022, this increase was less pronounced compared to the sharp 80% surge in prices seen in CY2021. The relative stabilization in price growth may have allowed the company to manage costs more effectively, contributing to the improved margin.

Administration Expenses



During the financial year, the company's administrative expenses increased by 3.0%, amounting to LKR 550 million compared to FY2021/22.

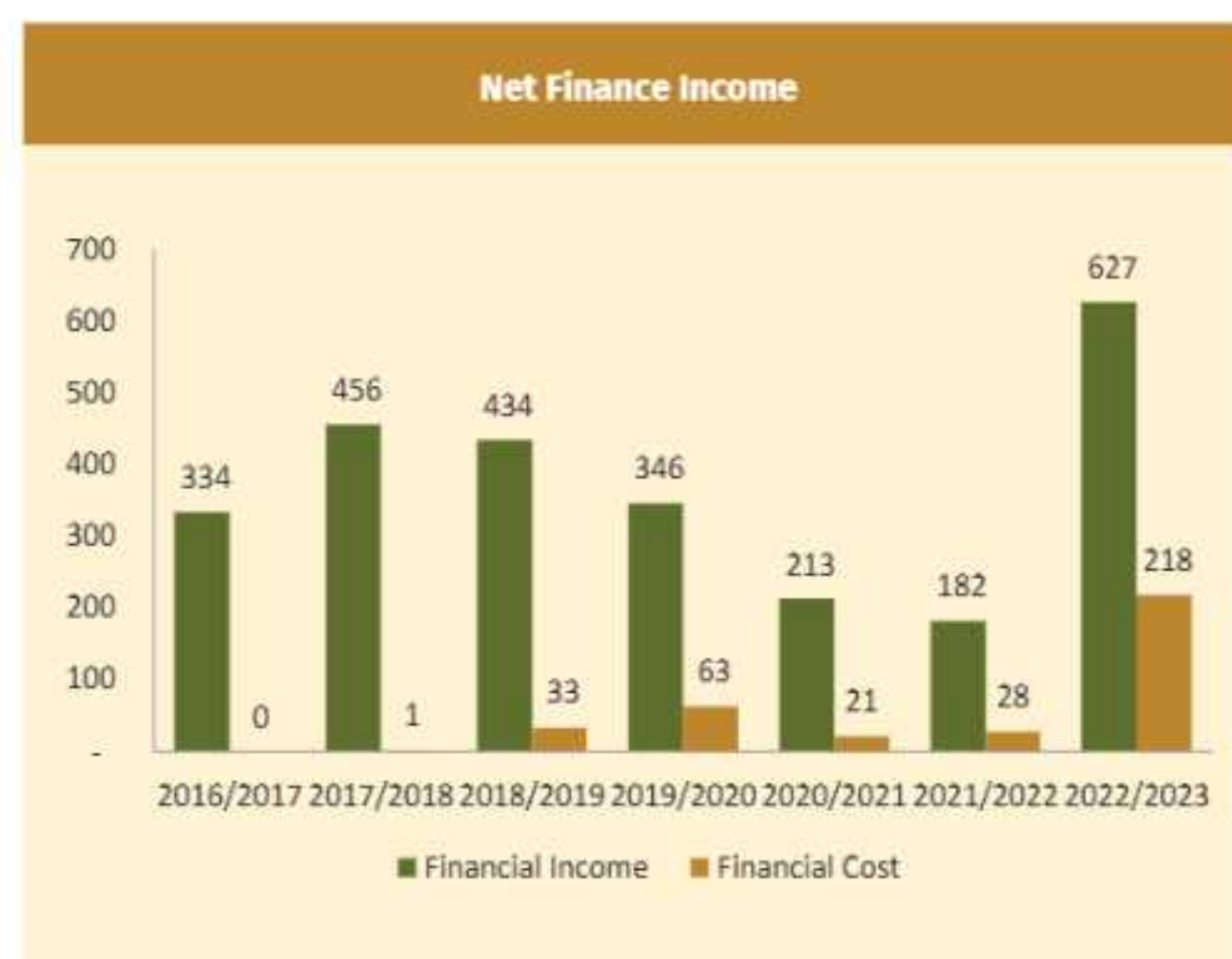
Distribution Expense



Distribution expenses surged by an exponential 588% to LKR 329 million in FY2022/23. This notable increase is primarily attributed to the persistent fuel shortages in Sri Lanka during CY2022 which ended up in multifold increase in fuel prices due to cost reflecting pricing adopted.

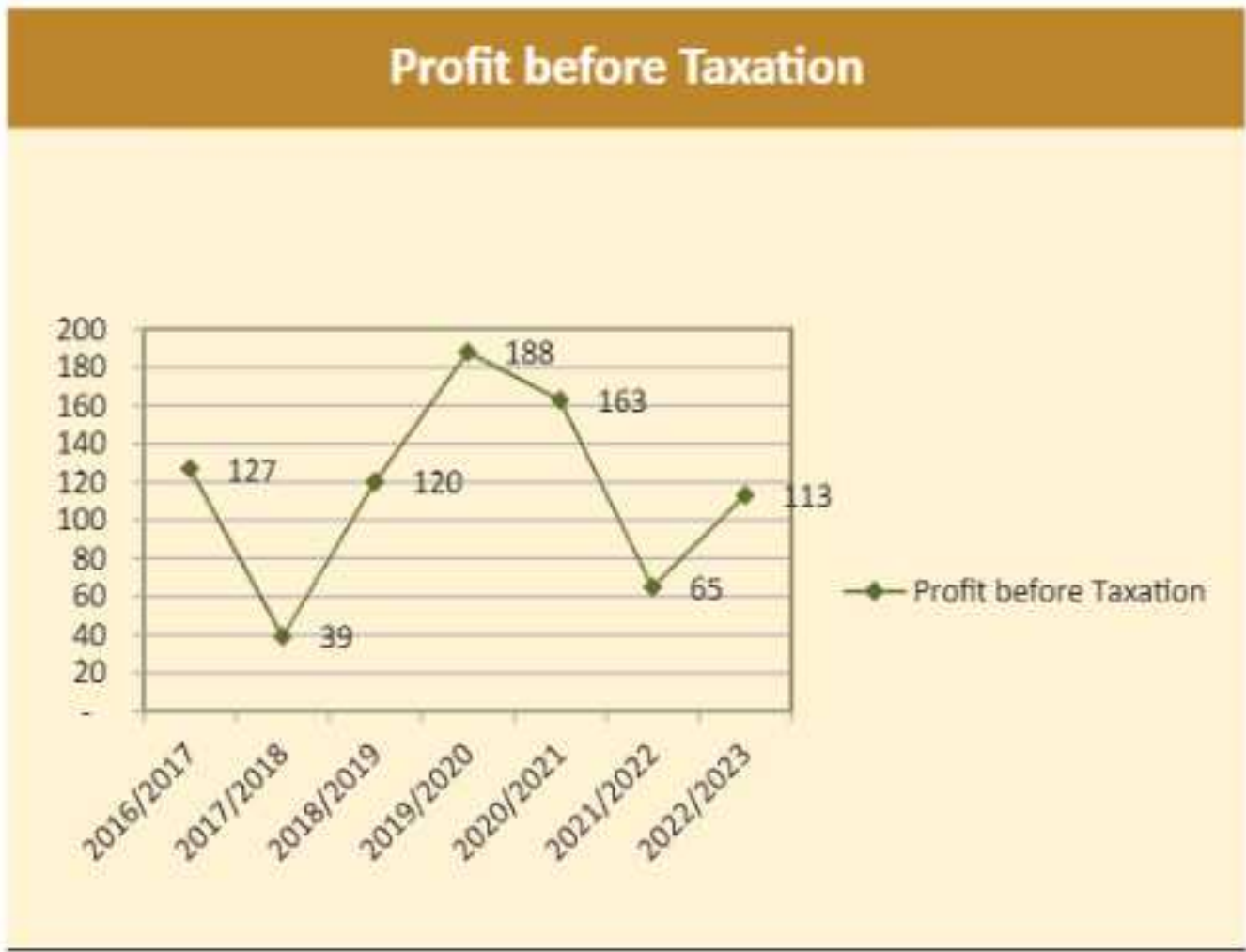
The higher transportation and logistics costs resulting from these factors significantly amplified the company's operational expenses, further straining its profitability.

Net Finance Income



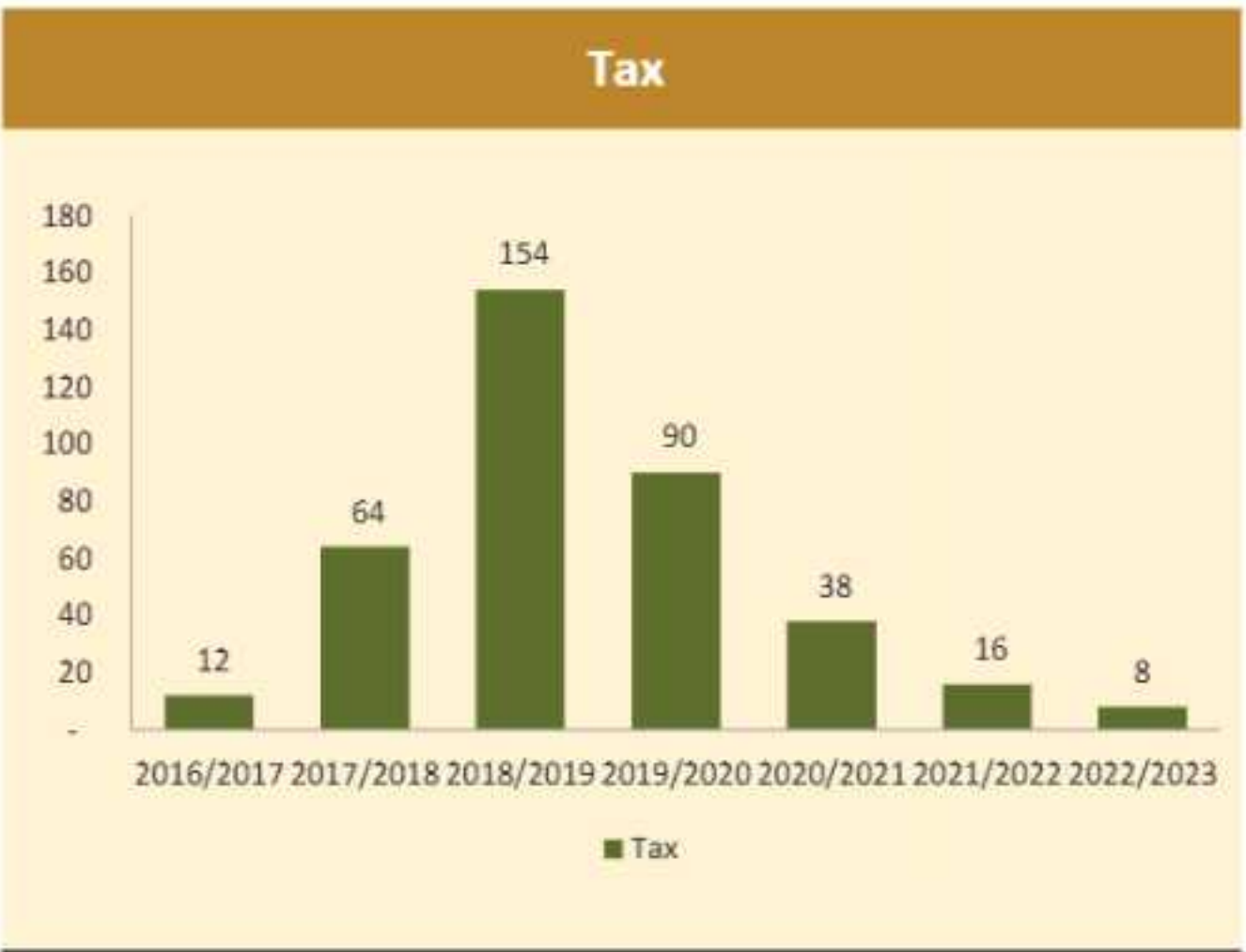
During the year, finance income increased significantly by 244.5%. However, the company's long-term borrowings rose sharply by LKR 8.8 billion, leading to a 678.6% surge in finance costs. Despite this substantial rise in finance costs, the net finance income recorded a notable growth of 58.4%, reaching LKR 244 million.

Profit before Tax



Despite the insurmountable challenges, the company's profit before tax rose by 72.9% to LKR 113 million, with the profit before tax margin improving by 15.7% to 21.1% compared to FY2021/22. Despite the high overall costs, the higher before tax profit margin was made possible by the lower fertilizer costs compared to FY2021/22, and the net finance income of LKR 244 million, which rose by 244.5%.

Tax



Tax expenses for the FY2022/23 came down by 50% compared to FY2021/22 to LKR 8 million.

Earnings per Share



During the year, the company's net profit experienced a significant increase of 72.9%, reaching LKR 121 million. This improvement enabled the company to raise its earnings per share (EPS) to LKR 2.40, compared to LKR 1.62 in the previous year, representing a robust growth of 48.2%.

Dividend per Share



During the year, the company distributed 15.0% of its earnings, reporting a dividend per share (DPS) of LKR 0.36 for the period. This represents a 50.0% increase compared to FY 2021/22.

Return on Asset



During the financial year, the company's return on assets (ROA) was reported at 1.71%, down from 3.47% a year ago.

Return on Equity



During the financial year, the company's return on equity (ROE) was reported at 8.35%, coming down from 19% in the year before.

CORPORATE GOVERNANCE

Governance has been institutionalized with a code of strong corporate values and a hierarchy governed by a standard process of Human Resources Management.

The full responsibility of maintaining the corporate governance of Ceylon Fertilizer Company Limited in compliance with the highest standards lies with the Board of Directors. The mechanism of the company's corporate governance ensures an agreed upon value to all the parties. Corporate governance is carried out in compliance with the following regulations, laws and ordinances.

1. Companies Act of No. 07 in 2007
2. State Business Department's State Business Guide for Good Governance
3. State Business Department's Policy Document on Good Governance

Board of Directors

The responsibility of the Board of Directors is to ensure efficient and effective Management of state enterprise in compliance with state policies. This can be achieved by way of protecting the resources, maintaining proper accounts, ensuring the procurement of correct reports and obliging to all the statutory and other legal requirements with regard to management.

The Board of Directors would ensure that the enterprise has strategic goals and that the company functions to achieve the strategic goals. The Board of Directors would systematically supervise that there is an effective system for internal governance and risk management, that the management activities are effectively functioning and that the resources and assets are effectively utilized. The Board of Directors would annually evaluate the performances of the General Manager and the Senior Management Staff, provide interested parties with sufficient details on financial matters and as and when reveal other requirements

of the same nature on a systematic ground.

The responsibility of appointing Audit and Risk Management Committees lies with the Board of Directors. The company has introduced a standard governance guide, code of ethics and the strategies of corporate governance. The Board of Directors would ensure that all the constitutions and guides will be followed as per state circulars without causing any conflict with regard to the operations and ownership.

Appointing the Board of Directors

When Board of Directors are appointed by the government, those appointments are done in a standard, competitive and responsible way. The liabilities, duties and responsibilities of the Board of Directors are clearly indicated by the authorized person in the letter of appointment.

The appointed Board of Directors will be assigned with the responsibilities related to company's strategic targets and corporate goals, corporate governance of the company, management and administrative systems and procedures.

Board of Director Meetings

The Board of Directors have held 14 meetings in the financial year of 2021/22 and the management has submitted timely and relevant information to the Board of Directors through Board of Director papers.

Directors' Allowances

Directors are paid their allowances based on policies and scales of allowances designed by the government. Directors would not interfere in decisions on these allowances.

Chairman

Chairman's role is of very important for the entire corporate structure and he is expected to steer the organization in the right direction. Chairman would ensure the smooth functions related to maintaining the corporate governance, treating every director equally, distributing responsibilities in the correct manner, balancing the power and authority, Ensuring the process of continuing the Board of Director Meetings he presides those meetings. He would contribute to the areas where he has expertise and stay away from getting actively involved in operations and play supervisory role whilst encouraging all the Directors to play a pre active role.

Secretary to the Board of Directors

Professionally qualified Secretary to the Board of Directors is responsible for informing the Board of Directors of Board of Directors' Meetings and Annual General Meetings and updating the Board of Directors on relevant terms and regulations from time to time.

The Secretary ensures that the procedures related to having Board of Directors Meetings are followed, the Board of Directors perform effectively and Board of Directors' papers are distributed in time. Guidance with regard to responsibilities, terms and conditions related to the Board of Directors and instructions along with assistance to the members of the Board of Directors will be provided by him.

General Manager and The Senior Management

General Manager and the Senior Management bear the responsibility of the Company's business management. They are responsible for implementing policies effectively and initializing the decisions made by the Board of Directors. General Manager and the Senior Management provide the Board of Directors with information and required explanations for their consideration and making decisions. They prepare operations, plans and budgets enabling the achievement of company's vision and mission whilst maintaining

administrative and regulatory systems for effective management of the company.

Instructions of the allowance payment proposal are followed to determine the allowances for General Manager and the Senior Management.

Financial Reports

Board of Directors are responsible for preparing annual financial reports indicating company's annual status and performance in an accurate and fair manner. Financial statements need to be prepared and presented in accordance with the financial recording standards of Sri Lanka and the Companies Act of No. 07 in 2007. Financial reports should fully reveal the important information as and when they are required enabling the Board of Directors and the Senior Management including the General Manager perform their responsibilities effectively.

Annual Audit

Annual Audit of the company is done by an external auditor who is recommended from the list of Chartered Accountants by the Auditor General / Treasury and approved by the Board of Directors upon the recommendation of the Audit and Management Committee. The Annual Audit Report is reviewed by the Board of Directors and presented at the Annual General Meeting for approval. In the process of auditing the external auditors will prevent from providing consulting or other services that could disrepute the unbiased and independent decisions and the external auditors are changed every 05 years.

Audit and Risk Management Committee

The Audit and Risk Management Committee of the company plays an important role by helping the Board of Directors in administrative work. This committee consists three non-executive members of the Board of Directors including a financially qualified representative of the treasury. This representative holds the position of the President of the audit committee.



RISK MANAGEMENT

Risk management process

Identification and realization of a revealed risk of an organization is determined by Risk Management. It ensures that the organization prepares and implements an effective plan to avoid losses and minimize the impact caused by a loss. Risk Management provides a clear and structured path to identify risks. By gaining a clear understanding about all the risks, an organization can evaluate and prioritize and take necessary steps to minimize those risks.

The Company has followed an instantly established process to identify, evaluate, minimize and change negligence. The main objective of our Risk Management System is to help in the operations of our business based on complete attention about risks.

Identification and evaluation of risks are the first and foremost things that need be done. Strategies that could be used to avoid, minimize and change the identified risks are planned after that. The

Board of Directors should ensure the availability of an effective Risk Management System that focuses on the operations of the company.

Key Risk Factors

There are exposures for a few risk factors in our company and an uncertainty prevails in the operational set up. Those risk factors faced by the company and the steps taken to minimize them are discussed later.

Strategic Risks

Risks caused by uncertainties embedded in our strategic objectives and unused opportunities are called Strategic Risks. This type of risk arises mainly from the key decisions made by the Directors according to the goals of the organization.

The key concept behind strategic risk is the failure to achieve our proposed organizational goals. Taking this into kind consideration, the Board of Directors and the Management Team are carrying out systematic post reviews based on the future

composite plan of five years, active plan of 3 years and the annual plan.

Business Risks

This Risk includes the risks related to Production, Marketing and Sales of products, economic risks that affect the production cost, and the risks arising due to the change of technical environment and customers' choices. The main internal risks related to our business are the inability to deal with existing products and the risks connected to new product developments. Inability to deal with existing products is fourfold : i.e: inability to understand the customer's needs, technology, industrial and economical facts and theoretical needs.

The company conducts systematic surveys on customers' satisfaction and assessments about the changes in their needs. To understand future changes in regulations and recommendations that could take place in the company, it works closely with leading legal boards and organizations such as the state, Coconut Research Institute, Tea Research Institute and the Rubber Research Institute.

New products are introduced only after a complete study of the market and customer needs.

Non-Business Risks

This risk is not related to the main business and is primarily related to long term financing. Sources are identified to fulfill these financial requirements by pre assessing long term financial needs of the company through the composite plan for future 5 years and the active plan prepared for 3 years. The cash flow coming into and going out of the company is made efficient by the planned annual budget and the procurement plan and any instant cash requirement never arises.

4.1.2.4. Operational Risks

This gives an idea of what is happening at the grass root level of the organization. Operational risks are directly connected mainly to internal resources, systems, processes and employees of the organization. This also include natural scenarios like mal-functioning of stores and machinery, cost for employees and bad weather conditions.

- A large fire safety system including adequate fire extinguishers and alarms is maintained by the company.
- The company has purchased a fire insurance cover and an additional electronic insurance for ultra-sensitive laboratory equipment in order to cover the damages that could happen due to a fire.
- Has purchased insurance for mobile cash and cash safes to minimize the effect of burglary and corruption.
- Has purchased adequate marine insurance certificates for each imported cargo shipment.
- Due to cash and non-cash motivational employee programs, the cost for employees of the company is at a lower level.
- Has purchased insurance for mobile cash and cash safes to minimize the effect of burglary and corruption.

4.1.2.5. Cash Risks

The company has the cash risk including credit risk, liquidity risk and the market risk in using cash equipment.

4.1.2.6. Credit Risk

If the corresponding parties fail to face up with the agreed upon responsibilities of the company, the credit risk is the risk related to the financial loss of the company. The credit risk arises mainly due to sales on credit and deposits with financial organizations. In order to minimize risks,

- Before appointing distributors, a comprehensive analysis of the ability of each individual is done by a team consisting of Regional Marketing Managers, Chief Internal Auditor, Finance Manager, and Company's Legal Officers.
- Bank guarantees are obtained from distributors and corresponding parties before releasing credit facilities.

- Credit periods and value limits are indicated according to the conclusions made at credit analyses for distributors and corresponding parties.

Liquidity Risk

Company's inability to face up with financial responsibilities is called Liquidity Risk. Company's approach to manage liquidity is to ensure there is adequate amount of cash to face up with general and unexpectedly arising responsibilities. The composite plan for future five years and the active plan for future three years help in identifying the pre-assessment of the out flow of cash from the company and the sources of these cash flows and the cash flows that come into and going out of the company are made efficient and facilities are provided for settling all the financial responsibilities by the annual report and procurement plan.

Market Risk

Fluctuation of market price due to the fluctuation of interest rates (Interest Risk) of the fluctuation of foreign exchange (Exchange Currency Risk) is called the Market Risk which could affect the company's income and the capacity of maintaining financial equipment.

Exchange Currency Riskation

Risk caused by the fluctuation of Sri Lanka Rupee value against US Dollar puts the company at the Exchange Currency Risk.

Interest Risk

Fluctuation of market interest rates for credit purchases under a fixed interest rate and holding interest with bank deposits is called the Interest Risk

Regulatory Risk

When the state regulations with regard to the import, production, distribution and consumption of fertilizer, and the recommendations enforced by the state organizations such as the Coconut Research Institute, Tea Research Institute and the Rubber Research Institute are changed, the company has the regulatory power to act accordingly. In identifying any possible change in the regulatory setting, the company works closely with these organizations.

However, the risk factors are not limited to this list and the company is very cautious about such changes that could affect its operations.

DIVISIONAL REPORTS

HUMAN RESOURCES MANAGEMENT REPORT

Good Practices and Employee Policies

Our Human Resources Management Strategies have been properly prepared in accordance with Shop and Office Act, Wages Board Ordinance, Guide issues by the Treasuries and Linear Ministry and all the relevant Labor Laws presently being practiced in Sri Lanka. Adhering to the highest standards of the Administrative Regulations and E-code of the state, the company strives to optimize the management of its human resources while exercising due-diligence and transparency in creating its organizational structure, identifying its gaps and filling them against directives issued by the Salaries and Cadre Commission and giving promotions and establishing remuneration packages according to standards and directives established by the Department of Management Services.

Employee Benefit Plan

Complying with state directives, the company contributes 15% of the gross salary for Employees' Provident Fund (EPF) and 3% of the gross salary for Employees' Trust Fund (ETF).

Introduction of Benefit Plan

A qualified assessor calculates the benefit liability indicated in the financial statement each year in compliance with the accounting standards of Sri Lanka while provisions for pensions benefit liability is calculated from the first service year of every employee.

Employee Motivation

The company pays serious attention to motivating its staff to maximize their performance and productivity by creating a harmonious work environment, improving facilities, reducing stress and giving employees a stronger sense of ownership in the day-to-day business of the company as well as its short and long term profit resulting in a significantly reduced level of attrition.

Financial benefits

- An annual incentive program identifies individual performance of each employee according to internationally accepted standards for performance evaluation.
- Allowances for tea, food and clothing etc. are paid to eligible staff to reduce financial stress.
- Cash is paid for balance medical leave as an incentive to spend more days of the year at the place of work of all employees.
- Mobile phones are provided to eligible employees and mobile and direct line bills are reimbursed, once again, to reduce the burden on staff in conducting business operations on behalf of the company.
- Understanding its responsibility to the staff that goes beyond simple economic remuneration for work, financial assistance is offered to the children of our staff who excel in educational, cultural or sports activities at local or international arenas.

Other benefits

- Official vehicles are provided to Regional Managers who achieve sales targets.
- Motorcycles are offered to District Sales Executives in order to reduce fatigue and increase productivity.
- A medical scheme is established to improve access to health services from a financial perspective for all employees and their family members.
- Incentivized local or foreign tours are offered to District Sales Executives who record the highest sales.
- An organizational culture is established encouraging a fear-free environment where open communication policies encourages the free and candid flow of information from bottom to top.

- Spiritual and skills related training programs are regularly offered to our staff and aims at overall improvement of mental health and career skills.

Training programs conducted during the year under review

During the year under review, the company (and the country) faced severe fuel shortages that necessarily curbed some of the plans that were set in place for training in line with the action plan that was created before the socioeconomic crisis hit the country commencing in Q3 2021 and spilling over into Q1 2022. However, despite the fact that it was only possible to conduct a few physical programs, a greater number of online programs were held:

Feedback was obtained from the divisional heads of the employees who participated in the above training workshops/programs regarding the performance level of the respective employees after the training workshop. It has been confirmed that there is progress in the skills, knowledge, and attitudes of the employees when compared analytically before and after the training

Incentives and other benefits

Payments have been made based on the points given by the relevant divisional heads during the performance evaluation for the annual salary increment and the annual incentives of the employees. Gold Coins are awarded as a financial benefit to permanent employees who have completed 25 years of continuous service to the company. Tea and dust allowances have been given monthly to the employees as an Attendance Bonus based on the days they report to work. Letters of appreci-

ation have been issued to employees who came to work despite the risk of their lives during the spread of the Covid-19 epidemic. This increased the motivation of the employees and was beneficial for the organization as well.

During this period, for the welfare of the employees infected with Covid-19, the institute arranged to provide a bag of dry food items (Rs. 10,000/- each employee). Arrangements have also been made to provide quarantine supplies to the employees.

Normally, transportation facilities are provided from Colombo Fort and Kiribathgoda for the welfare of the company’s employees. During the Covid-19 epidemic period, transportation facilities were provided from the employees’ homes. Also, an annual clothing allowance is paid to all employees for their welfare.

On behalf of the Occupational Safety and Health Administration, the Company has provided safety helmets, overalls, safety boots, safe ty shoes, and goggles to the employees of the technical/distribution sector. This has helped reduce the damages caused by accidents.

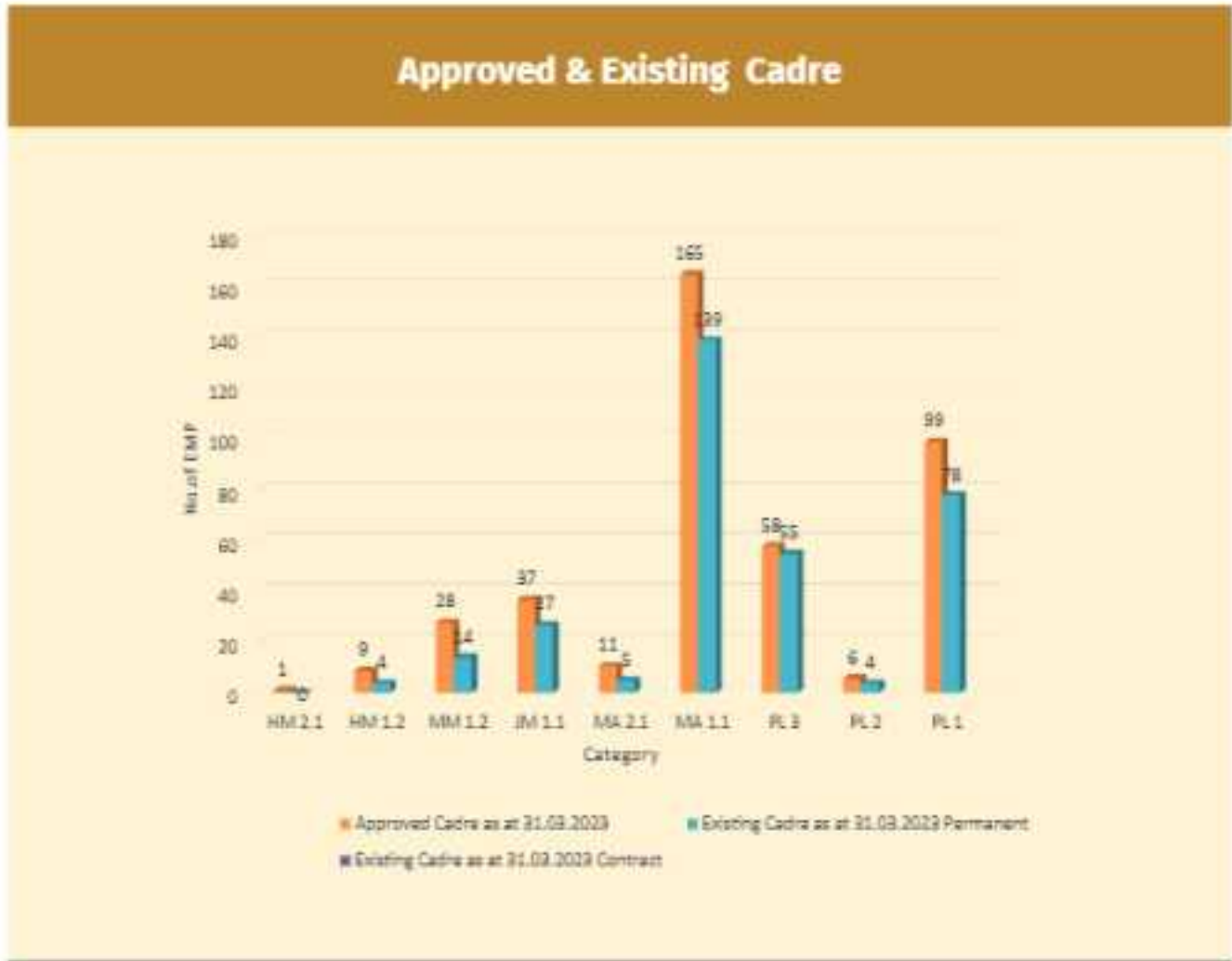
Our staff composition

The total commitment of the members of Lak Pohora to achieving the overarching goals of the company is the secret of our success. We have a team of 354 employees a slight drop from the previous year of 389 who have committed themselves to achieving key milestones and objectives by implementing key strategic plans of the company. Our employment categorization based on employment base, service category, areas and gender is given below.

STAFF COMPOSITION AS AT 2023.03.31
Employee Details Based on Service Level as at 2023.03.31

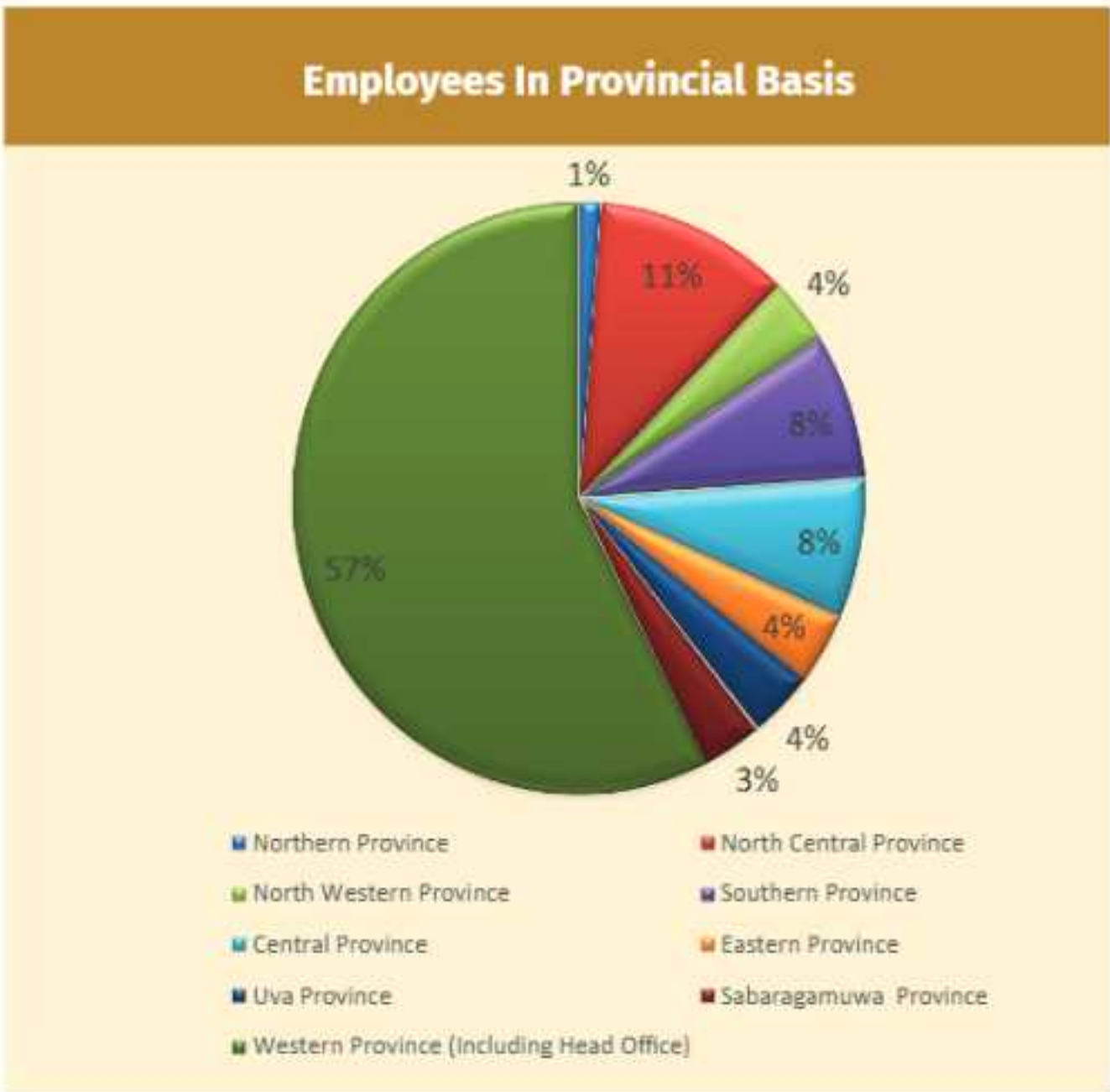
Service Level	Category	Salary Code	Approved Cadre as at 31.03.2023	Existing Cadre as at 31.03.2023	
				Permanent	Contract
Senior	Senior Manager	HM 2.1	1	0	
	Senior Manager	HM 1.2	9	4	
	Manager	MM 1.2	28	14	
Tertiary	Junior Manager	JM 1.1	37	27	
Secondary Level	Management Assistant (TECH)	MA 2.1	11	5	
	Management Assistant (None TECH)	MA 1.1	165	139	
Primary	Primary Level (Skilled)	PL 3	58	55	
	Primary Level (SemiSkilled)	PL 2	6	4	
	Primary Level (UnSkilled)	PL 1	99	78	
Total			414	326	-

STAFF COMPOSITION AS AT 2023.03.31



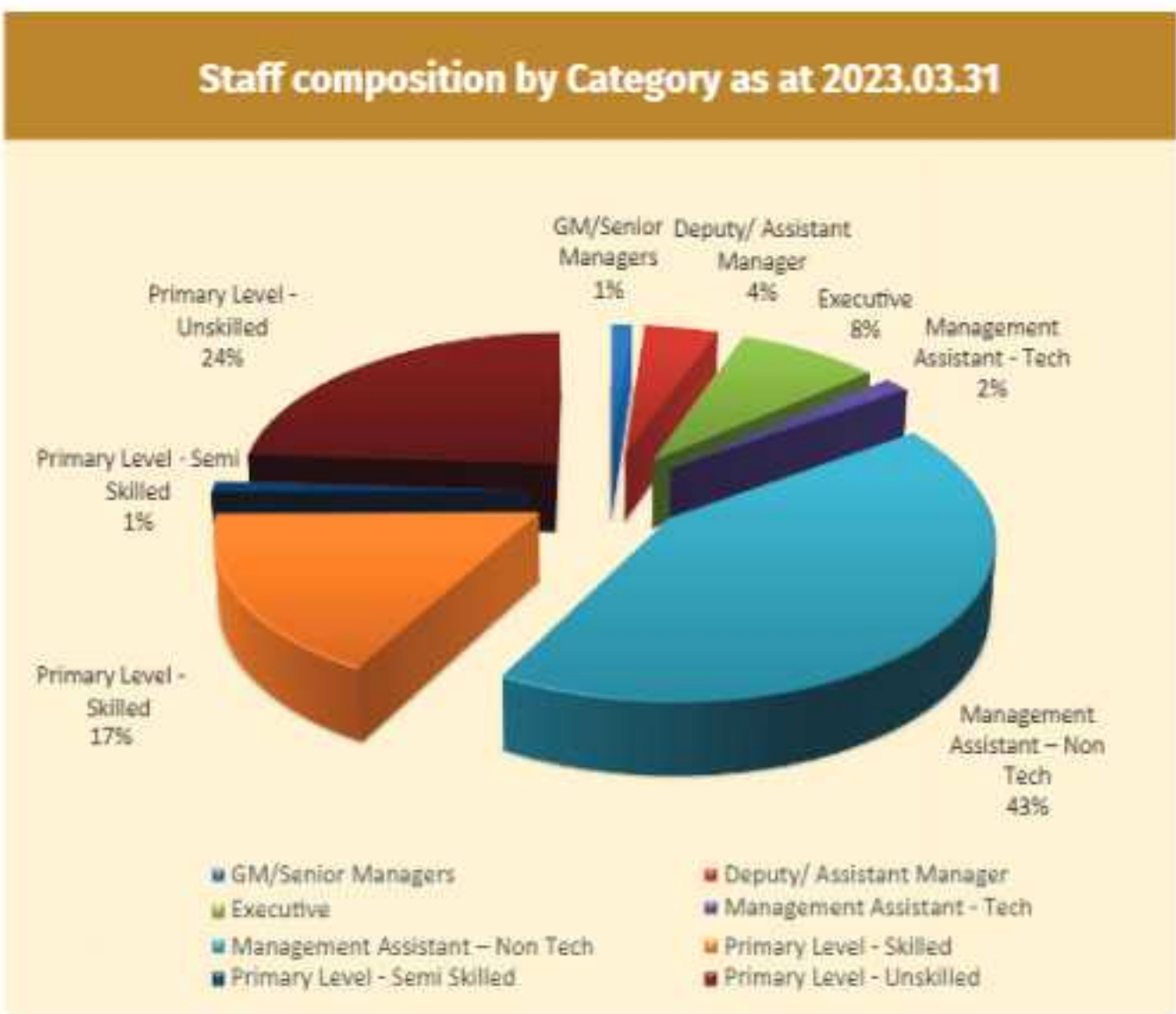
Provincial basis employee network as at 2023.03.31

Se. No	Provisions	No Of Employees
1	Northern Province	4
2	North Central Province	36
3	North Western Province	12
4	Southern Province	26
5	Central Province	25
6	Eastern Province	13
7	Uva Province	12
8	Sabaragamuwa Province	11
9	Western Province (Including Head Office)	187
Total		326



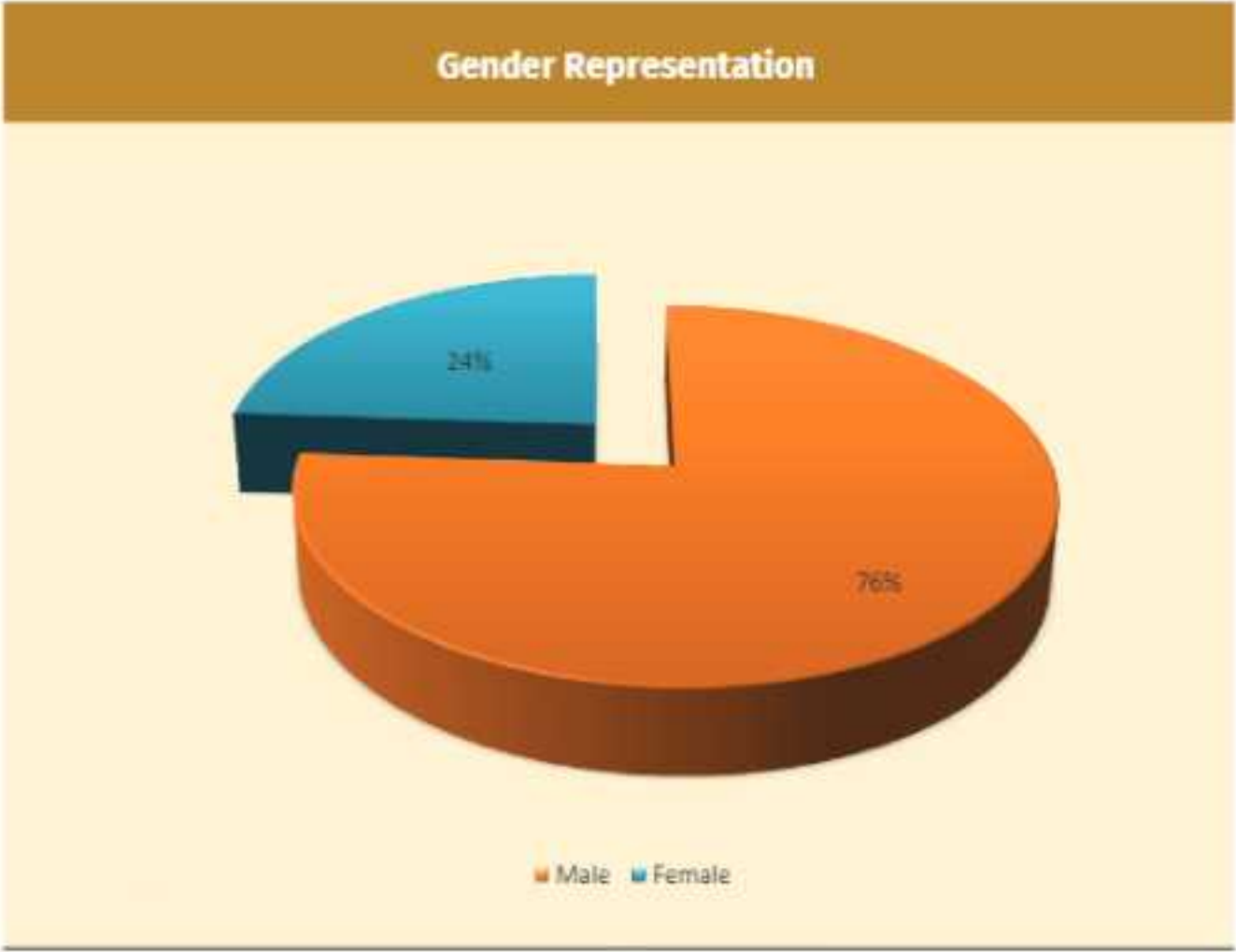
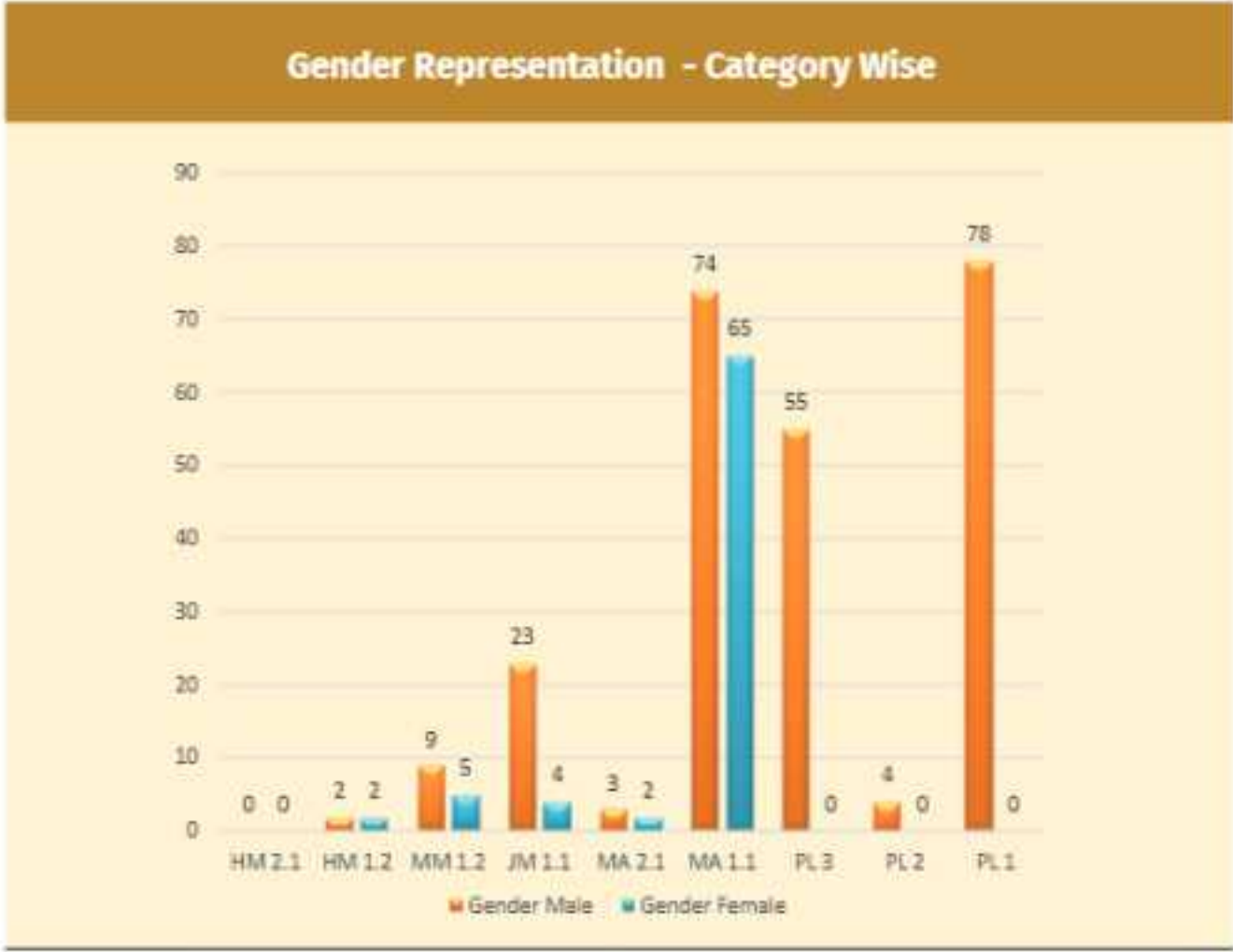
Staff composition by Category as at 2023.03.31

Employee Category	No Of Employees
GM/Senior Managers	4
Deputy/ Assistant Manager	14
Executive	27
Management Assistant - Tech	5
Management Assistant – Non Tech	139
Primary Level - Skilled	55
Primary Level - Semi Skilled	4
Primary Level - Unskilled	78
Total	326



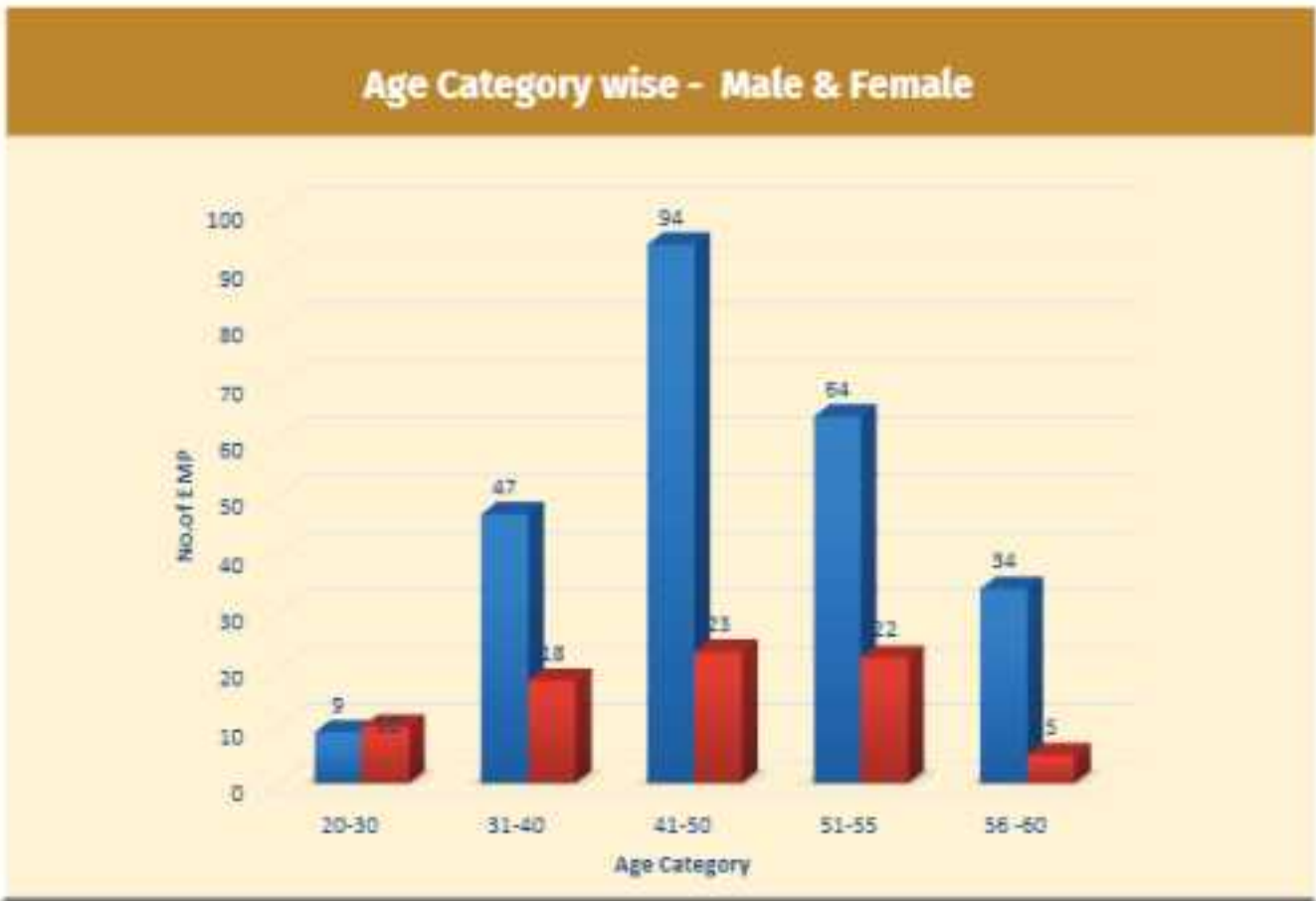
Staff composition by Category as at 2023.03.31

Category	Salary Code	GENDER	
		Male	Female
Senior Managers	HM 2.1	0	0
Senior Manager	HM 1.2	2	2
Manager	MM 1.2	9	5
Junior Manager	JM 1.1	23	4
Management Assistant (TECH)	MA 2.1	3	2
Management Assistant (None TECH)	MA 1.1	74	65
Primary Level (Skilled)	PL 3	55	0
Primary Level (SemiSkilled)	PL 2	4	0
Primary Level (UnSkilled)	PL 1	78	0
Total	326	248	78



Age wise Employees mix as at 31.03.2023

Age Category	Male	Female
20-30	9	10
31-40	47	18
41-50	94	23
51-55	64	22
56-60	34	5
	248	78



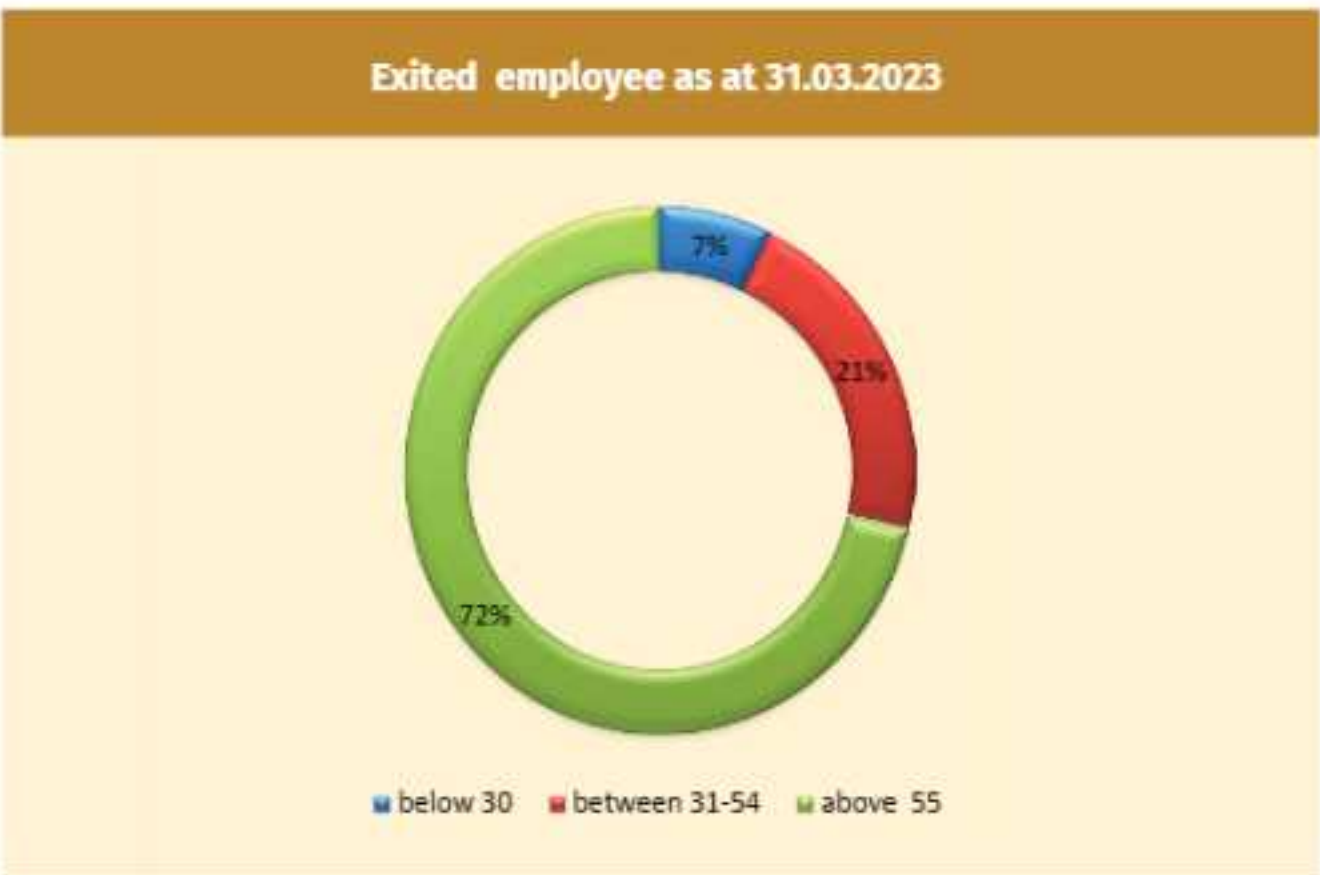
No of exited employee as at 31.03.2023

Type	No of Employees
Retirement	18
Resignation	4
Dismissed	2
Death	1
Vacation of Post	3
Total	28



Employee Turnover by Age as at 31.03.2023

Age	No of Employees
below 30	2
between 31-54	06
above 55	20
Total	28



Employee health and safety

Employee’s health is an essential factor for company’s continuous performance and prioritizing our employee’s health and safety is a foundation of our business process optimization process. This attention has yielded high performance and productivity results, reduced worry among staff and increased overall confidence in the policies and strategies of the company. The effort complies with international standards of workplace safety and includes immediate review of any untoward event or incident where the health, safety or wellbeing of any staff member was compromised and steps taken to eradicate any possibility of recurrence of a similar issue.

Welfare and human resources

We have well understood the importance of creating the sort of enabling environment that would support, help and facilitate performance enhancement, self-improvement, leadership and response to challenges among our valued staff and our commitment to this vital facet of the organization continues to be a matter of top priority for the management.

Additionally, as part of our overall human resource development activity cloud, we utilize the services of both internal and external professionals in many sectors, themes and thrusts to develop technical and leadership skills while increasing motivation, encouraging learning through experience and improving consultative capacity.

Furthermore, the company has been conducting ICT Training Programs since 2010 and those who successfully complete these training programs under sponsorship of the company are awarded with an internationally recognized ICDL Certificate.

A comprehensive understanding of the products of the company is essential to its outreach staff and this is assured through special training programs organized at the head office and regional stores in Polunnaruwa for employees in the marketing division where they get a sound background knowledge of chemical fertilizers.

Learning is everything and books are the basis for it and therefore, the company has been far-

sighted in providing the best possible learning environment for its staff and as such, library facilities have been provided for employees to update and improve their knowledge.

Special technical training programs are conducted for the Laboratory Staff to enable them to be more efficient and more technically consistent in standardizing fertilizer analyses in the modern laboratory.

Retention

The company is proud of the achievement made by maintaining a lower employee cost and lower level of staff attrition in the financial year thanks to employment satisfaction facilitated by staff development, equality, friendliness and the creation of a learning-enabled atmosphere where facilities and benefits are provided to optimize opportunities for developing professional

Employee welfare and Benefits during 2022/2023 financial Year

Programme	No of Benefitters	Amount
Appreciation of employees who completed 25 years' service	Awarded 10 Gold Coins for10 employees	2,00,000.00
Appreciation the winners from Annual Mercantile athletic championship.	One Winner from Shot-put One winner from 100m	30,0000.00
Financial aid for natural disaster	04 employees	40,000.00
Awarded financial gifts for children's who achieved success in Grade 5 Scholarship exam, G.C.E. (Ordinary Level) Exam & G.C.E. (Advanced Level) Exam	07 children –Passed the Grade 5 Scholarship exam08 children- passed the G.C.E. (Advanced Level) Exam and entered to local universities	375,000.00

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In the year ended on 31st March 2023, the Audit and Risk Management Committee has acted in accordance with the work rules recommended by the Board of Directors.

Composition of the committee

Audit and Risk Management Committee has been appointed by the Board of Directors. The Committee comprises of three Non-Executive Directors and a Representative of the treasury who acts as the Committee Chairman and attends committee meetings as an observer of the external audit committee. This committee comprised of the following Directors in 2021/2022.

- 01. Mr. S.M.S. Nandana Jayasinghe
 - 02. Mr. Sunil Galagama
 - 03. Mr. L.G. Samarawickrama
 - 04. Ms. H.I. Nilmini
 - 05. Mr. R.M.P.A. Janaka
 - 06. Ms. G.K.U. Abeyratne – 2022/12/1
- Continue

Committee Meetings and Attendance

Audit committee has formally assembled 02 times during the accounting year under review. Attendance at the meetings were as follows:

2022 / 2023						
Date of held	Name of Participants					
	Committee Chairman	Audit Committee Member	Audit Committee Member	Observer	Observer	Observer
	Mr. S.M.S. Nandana Jayasinghe	Mr. Sunil Galagama	Mr. L.G. Samarawickrama	Ms. H.I. Nilmini	Mr. R.M.P.A. Janaka	Ms. G.K.U. Abeyratne
2022.05.06	√	√	√	√	√	
2022.08.26	√	√	√	√	√	
2022.12.06	√	√	√	√	-	√
	3/3	3/3	3/3	3/3	2/2	1/1

Audit and Risk Management Committee has been appointed by the Board of Directors. The Committee comprises of three Non-Executive Directors and a Representative of the treasury who acts as the Committee Chairman and attends committee meetings as an observer of the external audit committee. This committee comprised of the following Directors in 2020/12/1

2.3. Duties of the Committee

- Analyzing the accuracy and fairness of the financial statements to ensure that the financial statements have been prepared according to Sri Lankan and international accounting standards and higher accounting tests.
- Ensuring, reviewing and assessment of sufficiency, efficiency and effectiveness of the company’s internal governance.
- Reviewing the effectiveness of the company’s risk management system.
- Discussing with external auditors and reviewing the audit management letter.
- Ensuring whether the constitution is in-compliance with the regulations, terms and circulars.
- Summarizing internal audit reports / external audit reports.
- Implementing the recommendations / orders of the State Business Committee.

Activities in the year

The committee reviewed the financial reporting system that has been activated to ensure the accuracy and authenticity of the information provided to relevant parties and made its observations paying special attention on Sri Lankan and international accounting standards and related partial transactions.

Internal Audit

The company has a well-organized internal audit section and its staff comprises of experienced professionals representing many areas including auditing, financial accountancy, taxation and business administration.

Key Objectives of the Internal Audit Section:

1. Reviewing accounting and internal control systems
2. Scrutinizing financial and operational information
3. Reviewing the frugality, efficiency and effectiveness of the operations

Ensuring that the operations and the programs assigned to managers are in control and with a fair assessment confirm that the operations and programs are carried out as planned and that the operational results are in line with established goals and targets

5. Ensuring that the laws, regulations and other external requirements are in line with management policies
6. Conducting special inquiries
7. The audit committee supervised the internal audit process during the period of reporting, focusing on internal audit plan, audit programs of regional fertilizer stores, regulatory risk assessment methodology and audit plans based on risks. The audit committee has held discussions with the internal auditor to consider the internal auditor's reports and recommendations in the reviewed year.

Internal audit reports of 42 regional

fertilizer stores and 09 key sectors were thoroughly reviewed and a considerable growth was observed in total internal control systems and internal audit process.

External Audit

The Auditor General's Department has functioned as the company's External Auditor.

Support given to the committee

The expected support was given to the committee by the Committee Chairmen and Management Committee Members, and it was of great help for the committee to function effectively during the period of reporting. The company's Chief Internal Auditor attends the Audit and Management Committee Meetings held at the Ministry of Agriculture to discuss important matters on quarterly basis

Committee Assessment

The committee's work process is assessed by the Board of Directors doing its review as well. The Board of Directors have concluded that the committee's work process has been effective.



Ms. H. D. N. K. Hettiarachchi

Chairperson

Audit Committee

11/10/2022

PROCUREMENT DIVISION REPORT

At present, our country’s economy is in severe crisis. Hence, only limited imports were processed.

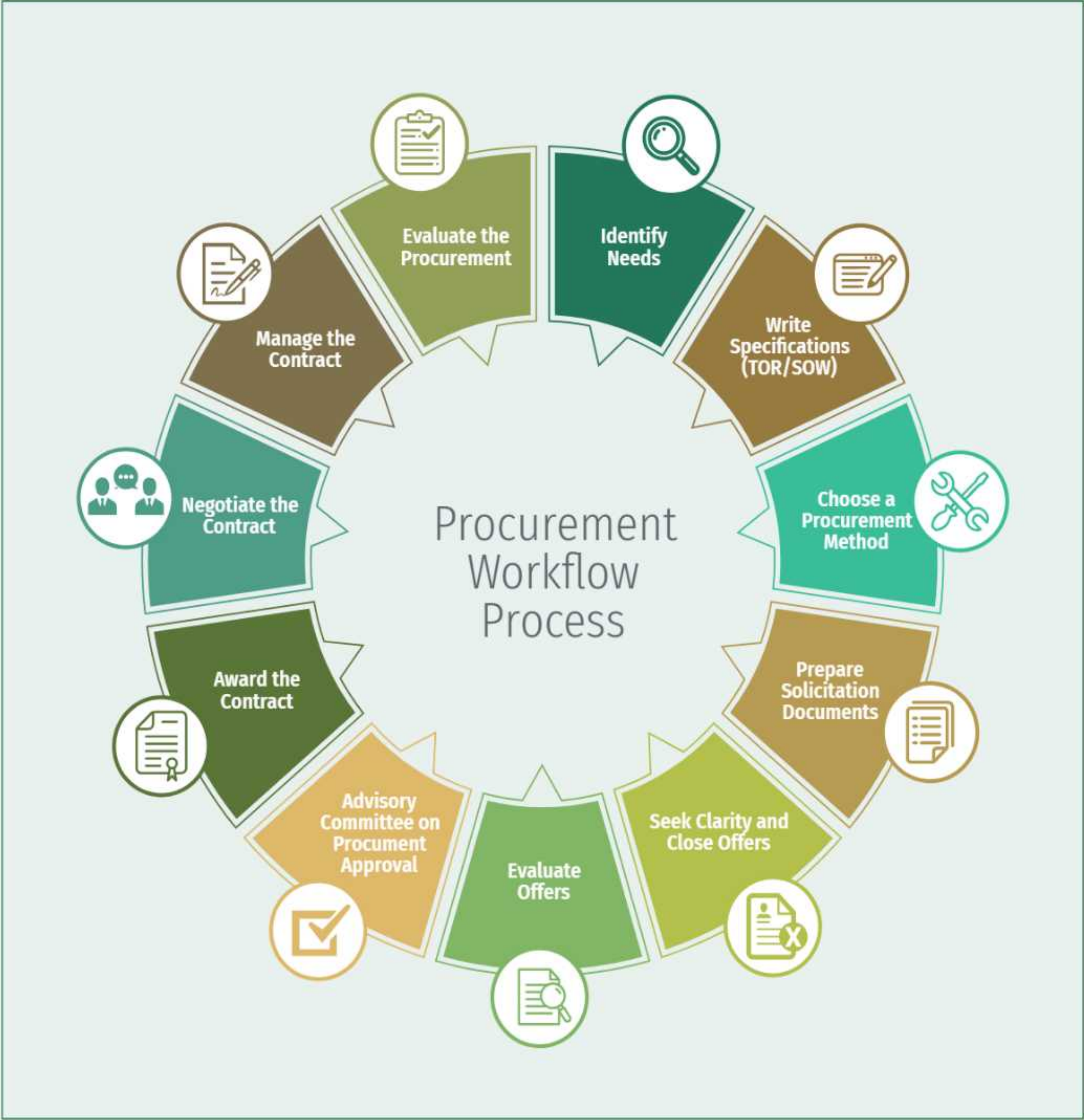
Due to the shortage of dollars in the country, banks could not open L/C s . L/C s were opened only to import necessary items.

However, after lifting ban on fertilizer imports, government did not involve directly to import fertilizer. In this situation, the World Bank, Food And Agriculture Organization of United Nations and Asian Development Bank launched Grant Aid Program to Issue/ distribute fertilizer among farmers for free. CFC did not import fertilizer spending our own funds. But, we have taken necessary steps to distribute fertilizer imported by the World Bank, Food And Agriculture Organization of United Nations and Asian Development Bank among farmers.

The details of import fertilizers in year 2022/2023 are as follows.

FERTILIZER IMPORTS 01/04/2022 TO 31/03/2023	
Type of fertilizer	Quantity(Mt)
UREA	103,799.457
TSP	20,734.800
MOP	25,125.600
Total	149,659.860

The procurement mechanism:



INFORMATION AND TECHNOLOGY DIVISION REPORT

The information Technology Division at Ceylon Fertilizer Company provides a secured, reliable and easily accessible IT infrastructure in order to meet the business and service needs of the organization. In addition to that, the Information Technology Division is responsible for planning, implementing and maintaining software, hardware and network functions effectively and efficiently. It supports the organization's key decision makers by granting timely management information with a highly optimized data security.

The Enterprise Resource Planning (ERP) strategy was developed to create a seamless and responsive system as the broad network of the company became very crucial that all the outliers are connected to the central hub.

The main objective of the ERP system of Ceylon Fertilizer Company is to utilize the computer technology to link various functions in the company including tracking supply chain activities from the inventory purchase to the final sales to the customer. Information sharing and collaboration across functional and corporate boundaries can be improved by this integrated view of company data.

The following steps are taken by the IT department during the year under review:

Computerization and Networking

- In addition to the currently connected 25 District Fertilizer Stores (DFS), 4 extra DFSS (Nochchiyagama, Kiralogama, Horowpathana and Maho) are interconnected with the Head Office (Hunupitiya) and the relevant real-time data is acquired successfully using the ERP system.

- The rest of the 13 including Medawachchiya, Akuressa, Trincomalee, Pelawatta, Dodangoda, Nattandiya, Kondawil, Monaragala, Bibila, Murunkan, Olumadu and Potuvil DFSs have applied to grant the necessary devices for the network through the procurement procedure.
- Updating the ERP system so that the detail records of the subsidized fertilizer stocks can be clearly obtained through the software system. These fertilizer stocks were received under various aid schemes such as United Nations (UN), World Bank, Indian Credit Line, Food and Agriculture Organization (FAO Japan) and Mahaweli Project. Those subsidized fertilizer stocks were appropriately distributed to the ASCs island-wide.
- In the ERP system, subsidized fertilizer were issued as the same manner as fertilizers are issued to a credit customer. But from this point afterwards, the software system was modified so that the fertilizer could be issued as donations.

IT Division Staff

All the areas related to information technology such as software installments/updating/renewals, hardware repairing, networking, website maintenance, fixed asset management, ERP system administration, attendance and payroll system handling etc. are fully covered by the IT division which has a staff of 07 employees including the Deputy Manager (IT), 05 management assistants and 01 office-aide.

LEGAL DIVISION REPORT

The Legal Division has successfully defended the Ceylon Fertilizer company against litigation brought against it by external parties, maintaining proper control over the corporate affairs of the organization. The division regularly sought the assistance of the Attorney General's Department to be absolutely sure that their approach to legal problems were in the accordance with applicable laws and regulations.

Following are the key areas of the Legal Division helped the onward progress of the company during the year under review.

- Appearing and representing Ceylon Fertilizer Company Limited for cases filed by CFC and Cases filed against CFC.
- Representing Ceylon Fertilizer Company Limited in all related Regulatory and Tribunal proceedings.
- Coordinating legal matters with Stakeholders of the Company.
- Carrying out activities related to the monthly meetings of Board of Directors and the monthly Management Committee Meetings.
- Coordinating with Attorney General's Department for Legal matters of the Company.
- Carrying out all Company Secretarial activities and coordinating with the office of Registrar of Companies.
- Providing necessary support for preparation of important documents such as Corporate Plan, Action Plan to the company.
- Safe custody of important documents of the Company.
- Coordinating with the Ministry of Agriculture and other relevant ministries and other institutions for legal matters.
- Formulating Agreements and other legal documents in an orderly manner as requested by other Divisions of the Company.
- Providing support to other divisions to resolve employee issue through dialogue and thereby ensured optimal harmony in the employer – employee dynamic resulting in minimal labour related issues.

Following cases have been concluded during the year under review.

Vauniya District Court – Case No.1338/2021/M

Above Case had filed by Ceylon Fertilizer Company Limited against former Stock Officer - Mr.H.K.K.Gunasena (Olumadu DFS) to recover the loss of Rs.2,084,848.19 and the case was concluded after paying all the dues by Mr.H.K.K. Gunasena.

Gampaha District Court – Case No.4494/12 MR & 09/2020 (F) A.M.M.A.Adnan

Above Case had filed by Ceylon Fertilizer Company Limited against Stockiest - Mr.A.M.M.A.Adnan to recover the loss of fertilizer storage of subsidy fertilizer and the case was concluded by paying Rs.4,212,341.29 by Mr.A.M.M.A.Adnan.

Arbitration between Jeganathan Transport Services and Ceylon Fertilizer Company Limited.

Above Arbitration had been Filled against Ceylon Fertilizer Company Limited to recover loss of 5.8Mn for forfeiting of Performance Guarantee submitted to Jeganathan Transport Services. The matter was settled by allowing Jeganathan Transport Services to provide Transport services to Ceylon Fertilizer Company Limited for 03 months.

TECHNICAL DIVISION REPORT

The Technical Division of CFC provides technical expertise to all Division in their Collective efforts to provide its portfolio of products to its customers' from the point of Procurement to the point of delivery while working tirelessly to ensure that every single employee of the CFC has a harmonious and comfortable work environment.

The division comprising of fifteen individuals has created its own quality circle and provide high Quality impartial services to permanent employees registered transport contractors and their representatives registered distributors and retailers and providers of goods and services to CFC that are mission critical to its success at all times the division works towards creating a friendly service environment for all of these stakeholders partners and employees of the company.

Despite certain reliefs provided to other divisions that allow them to work for a period of time that is lesser than directed by the shop and office act we of the technical division are proud to state that we do not make use of that relief and work a full day in full compliance with the labor regulations of Sri Lanka. As a result of this unstinted selfless commitment of the staff of the division it has achieved every single one of its quality from the year 2011 to date with no break in between

The services provided by the division are as follows:

1. Weighing Lorries bringing imported fertilizer before it is sent to the central stores and weighing Lorries before the distribution division transports them island wide with the use of weigh bridges.
2. Operating and maintaining all stacker machines that are used for the orderly storage and retrieval of fertilizer.
3. Repairing and maintaining all equipment used by the distribution division such as bag-sewing machines, scales, hand-carts, sealers etc.
4. Upkeep and maintenance of all built areas construction areas and grounds.
5. Maintaining the water supply, Electricity supply and internal telephone system in optimal working order.
6. During this time The Chairman Mr.Janath Vidanage and Hon.Minster of Agriculture Mr.Mahindananda Aluthgamage Personally Coordinated with State Minister of Rural Road & Other Infrastructure Mr.Nimal Lansa to make Asphalt overlaying in CFC Central Warehouse Complex which is worth Rs.100 million.

Progress towards targets set through the operative activity plan for the year under review

Activity plan target	Progress
Proposed construction of Warehouses / Stores in Hambantota , North & North Central province	These planned actions were not undertaken due to a) financial difficulties arising from loss of revenue due to the ban on agrochemicals, b) prioritization related issues where limited funds were allocated by management for more pressing requirements and c) the switch to organics making some requirements such as a fertilizer blending plant redundant.
Proposed introduction of machinery	
Proposed purchasing forklift & Conveyers	
Proposed upgrading internal roads at Polonnaruwa	
Proposed installing containers for record room	Cancelled by management.
Upgrading of vehicle yard and warehouse premises	Completed by the PRDA. On Mr. Janth Vidanage Chairman's request, Minister Nimal Lanza and Minister Mahindananda Aluthgamage had given this project free of Charge.
Proposed Solar power at head office	Currently under the procurement process.

LABORATORY SERVICES DIVISION REPORT

Laboratory is the quality testing division of the company. It is equipped with facilities for the testing of fertilizer & packing materials. All the fertilizers are quality tested before put into the market.

The laboratory carries out test services in accordance with stated standard methods, customer's requirements and applicable statutory and regulatory requirements.

All the laboratory staff is trained in the processes and procedures relevant to their duties. The management & staff of the CFC fertilizer testing laboratory provide excellent services in testing and analysis by continually working to ensure that the facilities, personnel and the information produced are on time, cost effective and of highest quality.

The CFC laboratory is operating as an independent division and no involvement from other internal or external parties to its impartiality. CFC laboratory undertakes laboratory activities impartially and structured and managed to safeguard impartiality. The laboratory management has committed and responsible for the impartiality of its laboratory activities and not allow commercial, financial or other pressures to compromise impartiality.

The main chemical and physical parameters tested in CFC Laboratory.

For Fertilizers
Parameters
Nitrogen(Total nitrogen/Ammonical Nitrogen)
Phosphorous(Total Phosphorous/Water soluble Phosphorous/ Citric Acid
Soluble Phosphorous)
Potassium(Total Potassium/Water Soluble potassium)
Calcium
Magnesium
Zinc
Biuret in urea
Moisture
Sand content
Organic Matter
pH

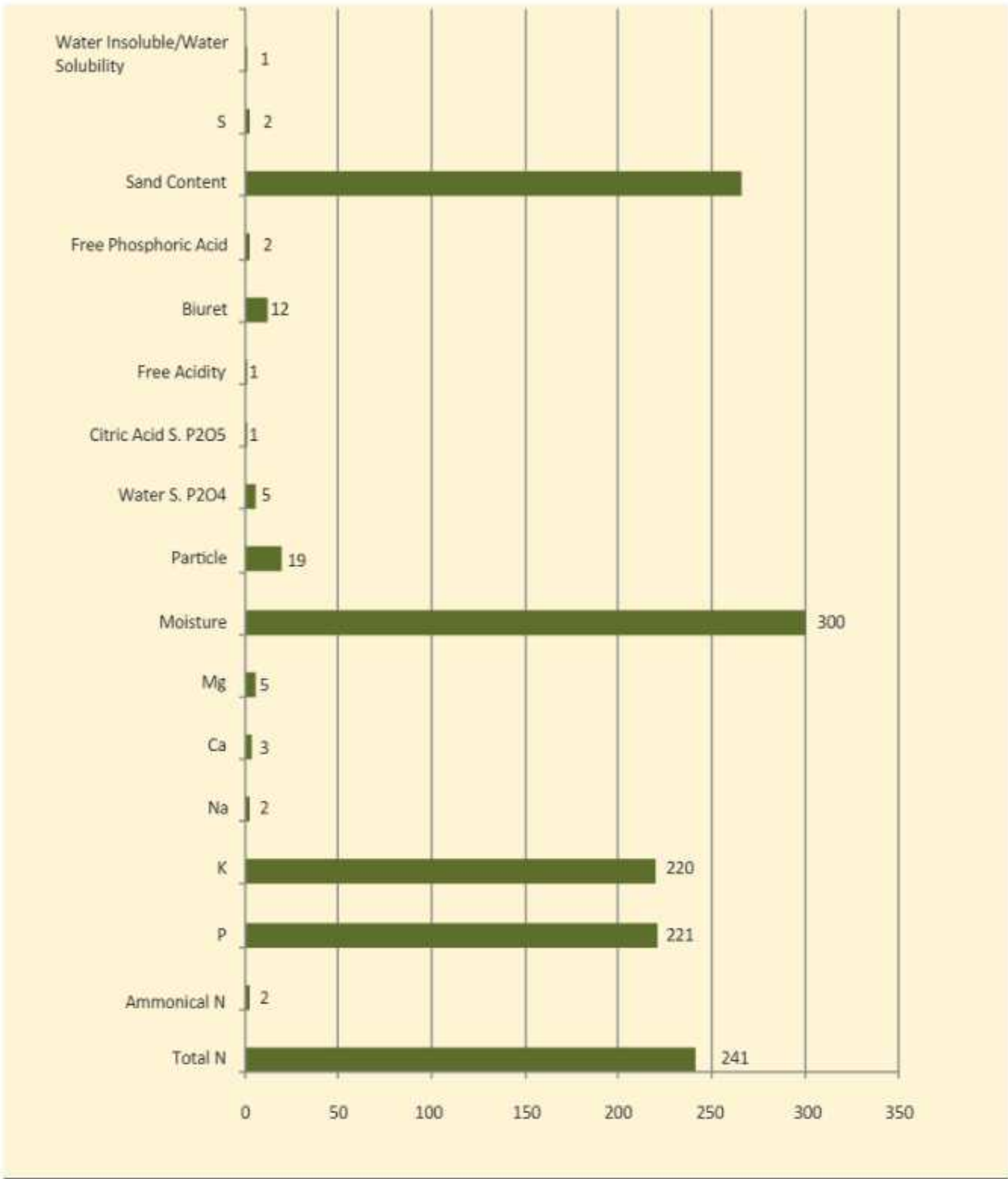
For packing materials and stationary
Parameters
Dimension(Width & Length)
Bulk strength
Width of the tape
No of stitches per dm
Linear density
Seam stitching
Construction
Mouth of the sack
Fabric breaking strength
Inner liner(Width, Length& thickness)
GSM

Testing Fertilizer Samples



Testing of Fertilizer Samples Summary Report April-March (2022/2023)											
Parameter	Number of Test										Total Cost
	April-June	July-August	September	October	November	December	January	February	March	Total	
Total N	140	68	77	2	9	5	2	4	4	241	723,000.00
Ammonical N	0	0	0	0	0	0	2	0	0	2	4,200.00
P	134	66	8	3	1	0	1	3	5	221	530,400.00
K	134	0	7	2	1	1	1	4	4	220	660,000.00
Na	0	0	0	0	0	1	1	0	0	2	4,400.00
Ca	0	0	0	0	0	0	3	0	0	3	10,200.00
Mg	0	73	0	0	0	1	4	0	0	5	17,000.00
Moisture	193	3	8	3	3	11	8	0	1	300	300,000.00
Particle	0	1	1	0	2	6	6	0	1	19	19,000.00
Water S. P2O4	1	0	1	0	0	0	1	0	1	5	11,000.00
Citric Acid S. P2O5	0	0	0	0	0	0	0	1	0	1	2,100.00
Free Acidity	0	3	0	0	0	0	1	0	0	1	1,100.00
Biuret	0	0	0	0	2	5	2	0	0	12	36,000.00
Free Phosphoric Acid	0	0	1	0	0	0	0	0	1	2	4,200.00
Sand Content	180	69	7	4	1	5	0	0	0	266	665,000.00
S	0	0	0	0	0	0	2	0	0	2	3,000.00
Water Insoluble/Water Solubility	0	0	0	0	0	0	1	0	0	1	1,000.00
Total	782	349	40	14	19	35	35	12	17	1303	2,991,600.0

Testing Fertilizer Samples Summary Report April - March (2022/2023)



Testing of Packing materials & Stationary Summary Report April to March 2022-2023

Parameter	No.Test	Value (Rs:)
Diamention (Width,Length)	139	104,250.00
Bulk Strength	5	15,750.00
Width of the tape	5	5,000.00
Stiches per dm	5	3,750.00
Linear Density	5	5,000.00
Seam stitching	5	5,000.00
Construction (Ends &Picks)	5	3,750.00
Mouth of the Sack	5	2,500.00
Fabric breaking Strength	5	10,000.00
Inner Liner (Width, Length, Thickness)	5	6,250.00
GSM	34	34,000.00
Total	218	195,250.00



DISTRIBUTION DIVISION REPORT

Distribution Division

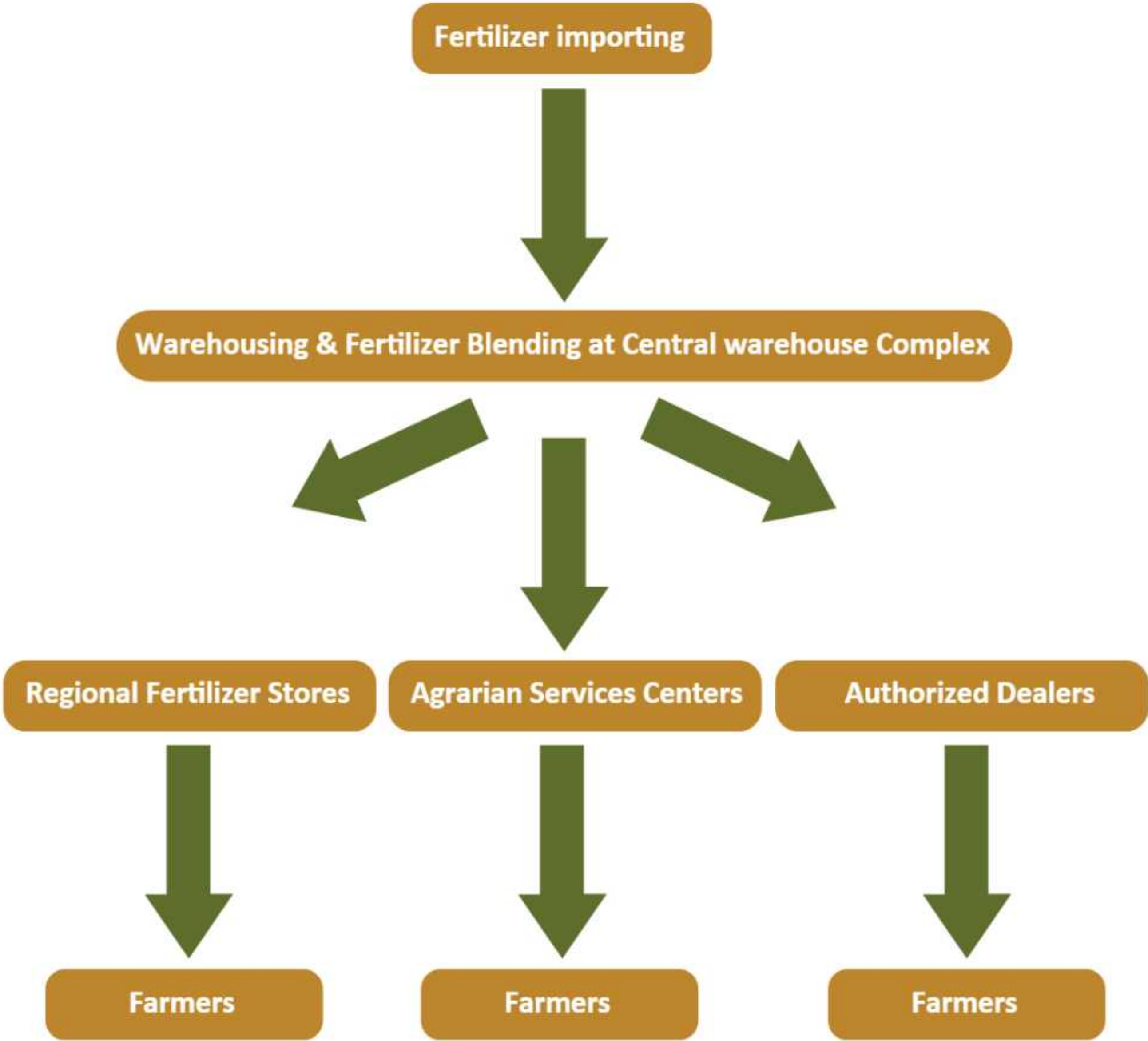
The process of managing the flow of products from supplier to manufacturer to wholesaler or retailer to final customer is known as distribution management. There are numerous procedures and activities involved, including as packaging, managing raw material vendors, warehousing, inventory, supply chain, logistics. Management of distribution has always been a problem for businesses. Raw materials may be delivered too soon and degrade before being used. A competitor may also capture the majority of the market share if finished goods arrive too late. The need of effective distribution led to the integration of sub-discipline practices into the supply chain and inventory management. Overall, effective distribution requires a solid distribution management strategy supported by real-time information because it incorporates numerous moving components and methodologies.

Distribution of fertilizers Agricultural work in Sri Lanka is very active and dense and has involved both private and public sector organizations. Today CFCL as the state owned organization is playing an important role in distribution of Fertilizers Island wide. The Primary task of CFCL is to provide high quality fertilizers at a considerable price at the right time and distributing fertilizers according to the norms of Government fertilizer Article Act Producers. The distribution network of the company comprises of 45 regional fertilizer stores as storage centers and 342 agrarian services centers. The 95 to 97 % of farming based families come under these agrarian services centers. Hence fertilizer distribution to famer organizations in village level is sole responsibility of the division on behalf of company and state as well. To facilitate fertilizers distribution the largest storage capacity 67,000 Mt in Central warehouse complex

in Hunupitiya and 50,000Mts at Divisional fertilizer Store available at established island wide network. To cater the fertilizer requirement of village level farmers there are more than 1000 Lorries have been deployed in this channel for the annual operation.

The second function performed by the division is the production of mixed fertilizers and this is done in accordance with formulas established by research institutions. Advanced methods are used in the production of mixed fertilizers with the annual production for the year under review.

The flow of Fertilizer Distribution Channel.



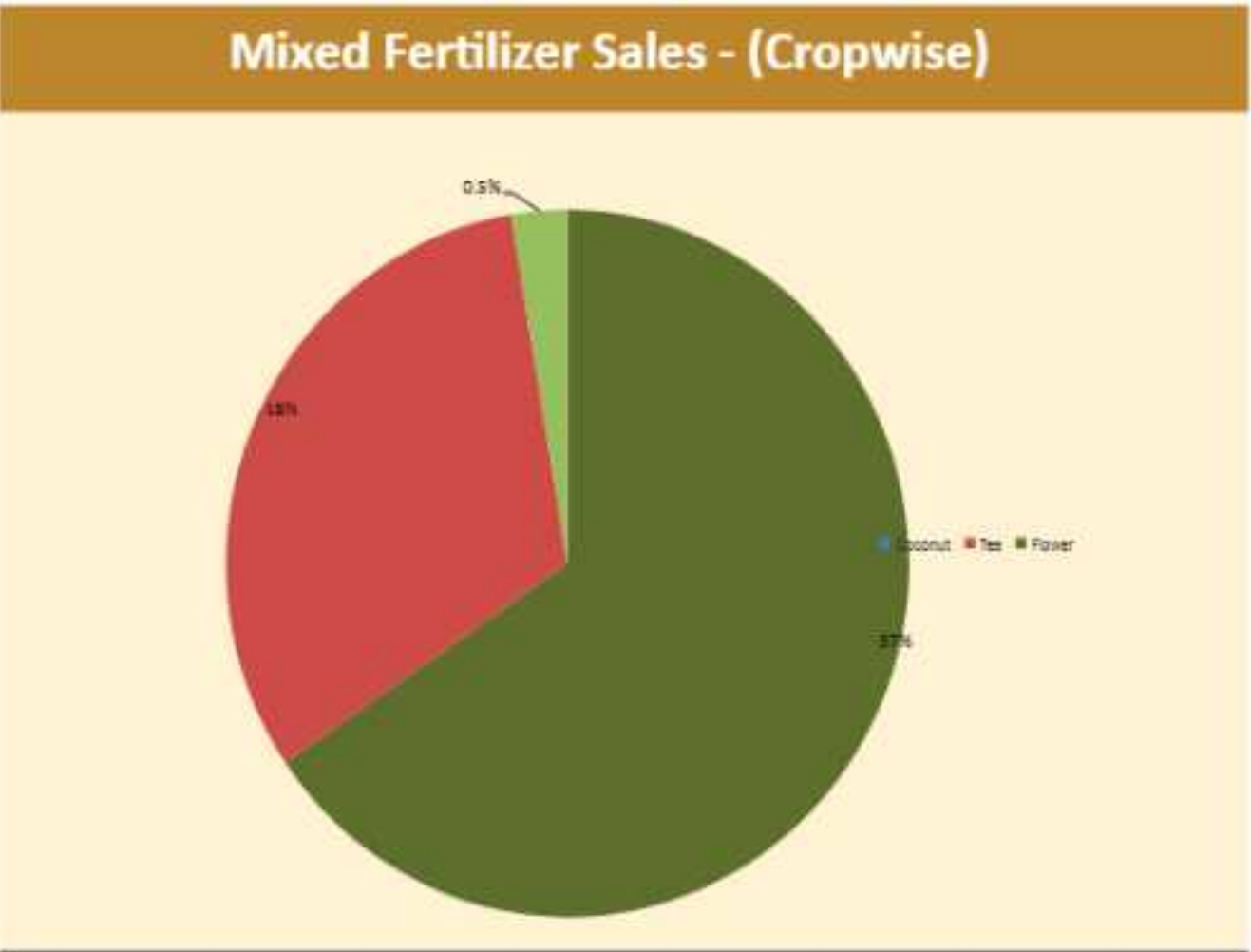
Performance - Distribution		
The process of managing the flow of products		
Straight Fertilizer for Paddy cultivation		105,576Mts
Straight Fertilizer for Other Crops		3936 Mts
Production		
Mixed Fertilizer for Other Crops		561 Mts
Contribution		
Delivering Organic Compost		23,886 Mts

MARKETING DIVISION REPORT

Sri Lankan ban importation of chemical fertilizer on May 2021 and it was lifted on 30 th November 2021. Therefore during the initial period of 2022/23 Financial Year there was very poor supply of chemical fertilizer to the market and the prices were too high. Also due to the economic recession of the country. Importation of chemical fertilizer was real challenge and it was similarly effect to the CFCL.

To recover the shortage of fertilizer in the country government imported UREA, TSP and MOP through World Bank, ADB and Indian credit line, asdonations from World Food Organization (WFO) and UN starting from July 2022 was distributed throughout the country through CFCL & CCF. Also the previous stock available at the stores of the company were distributed simultaneously with the above imports and also gradually started to blend fertilizer mixtures cater to the demand.

With the high price and economical situation of the community, demand on fertilizer became very poor and farmers attempted to depend maximum on the fertilizer which was issued by the government totally free and as a subsidized prices. Therefore fertilizer application on other cultivations except paddy was reduced drastically.



Mixed Fertilizer Sales - (Cropwise) 2022.04.01 to 2023.03.31		
Cropwise	Sales (Mt.)	%
Coconut	103.099	37%
Tea	49.555	18%
Rubber	1.350	0.5%
Vegetable	86.505	31%
Fruit	2.061	1%
Flower	4.276	1.5%
Export	10.571	4%
Other Food	18.011	7%
Total	275.428	100%

Summery of Sales 2022-2023

Year	Paddy Subsidy (Mt.)	Organic Compost for Paddy (Mt.)	Direct Fertilizer for Other crops (Mt.)	Mixed Fertilizer for Other crops (Mt.)	Organic Pellet (Mt.)	Potting Mixtures (Mt.)	Organic Compost for Other crops (Mt.)	Total (Mt.)
2021/2022	89,661.200	-	8,682.346	1,136.257	494.118	-	-	99,973.921
2022/2023	106,681.950	5,391.110	7,134.274	275.428	3.270	3.321	168.715	119,658.068
	196,343.150	5,391.110	15,816.620	1,411.685	497.388	3.321	168.715	219,631.989

Other crops - Direct Sales - 2022/2023

Fertilizer	Sales (Mt.)
UREA	3,829.350
TSP	25.150
MOP	16.100
SA	-
DAP	0.065
ZINC	0.098
SOP	-
CES	-
KIE	-
BORETE	-
ERP	3,221.601
HERP	-
DOL	41.910
Total	7,134.274

Paddy, Other Crops & Organic Sales (Monthwise) 2022.04.01 to 2023.03.31

Chemical								Organic	
Month	Urea	TSP	MOP	Paddy Subsidy Sales Total (Mt.)	Urea (UN) Donation	TSP (UN) Donation	Direct & Mix Fertilizer Sales (Mt.)	Total Sales (Mt.)	Pellet & Potting Mixtures (Mt.)
April	-	-	-	-	-	-	972.370	972.370	2.040
May	8.350	0.500	2.850	11.700	-	-	1,707.515	1,719.215	-
June	4.200	235.050	71.500	310.750	-	-	541.085	851.835	-
July	17,880.900	106.300	21.900	18,009.100	-	-	15.930	18,025.030	0.040
August	986.150	0.750	-	986.900	-	-	12.095	998.995	-
September	1,890.000	-	-	1,890.000	-	-	46.018	1,936.018	0.971
October	7,347.950	13.000	18.100	7,379.050	-	-	2,058.577	9,437.627	0.029
November	21,565.850	-	3.650	21,569.500	2,131.450	-	1,773.110	25,474.060	1.375
December	25,665.200	1.000	4,910.550	30,576.750	-	-	5.213	30,581.963	-
January	3,045.650	-	404.150	3,449.800	-	-	74.486	3,524.286	0.993
February	579.850	-	86.000	665.850	-	-	156.290	822.140	1.085
March	31.750	-	14.750	46.500	-	19,654.600	47.013	19,748.113	0.058
Total	79,005.850	356.600	5,533.450	84,895.900	2,131.450	19,654.600	7,409.702	114,091.652	6.591



FINANCIAL STATEMENTS

Statement of Director's Responsibilities

The Directors are responsible under Sections 150 (1), & 151 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit & loss of the Company for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable for determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards- SLFRS and Companies Act No. 07 of 2007.

Further, the Financial Statements provide the information required by the Companies Act.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, which adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. As required

by Section 56 (2) of the Companies Act, the Board of Directors has authorised distribution of the dividend now proposed, being satisfied based on information available to it that the Company would satisfy the solvency test after such distribution in accordance with Section 57 of the Companies Act, and have sought in respect of the dividend now proposed, a certificate of solvency from the Auditors.

The Auditor General who was empowered to audit the Ceylon Fertilizer Co. Ltd. Under the provisions of Nineteenth amendment to the constitution of Democratic Socialist Republic of Sri Lanka, was provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. respect of the Company as at the Balance Sheet date have been paid or where relevant, provided for.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Balance Sheet date have been paid or where relevant, provided for.



Dr.B.K.Jagath Perera
Chairman
On behalf of the Board
Ceylon Fertilizer Co Ltd.
June 12th 2023

Chairman’s and Financial Manager’s Responsibility Statement

The Financial Statements of Ceylon Fertilizer Co. Ltd. As at 31st March 2022 are prepared and presented in compliance with the requirements of the following.

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka;
- Companies Act No. 07 of 2007;
- Code of Best Practice on Corporate Governance issued by General Treasury

We confirm that the significant accounting policies used in the preparation of the Financial

Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The prescribed Accounting Standards have been adopted without any deviations. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records, to safeguard assets, and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by company’s internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits, and to discuss auditing, internal control and financial reporting issues.

The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance. The Financial Statements were audited by the Auditor General to the Democratic Socialite Republic of Sri Lanka



Dr. B. K. Jagath Perera
Chairman



Dharmila Gayani
Act. Manager (Finance)
June 12th 2023.

Translation of the Auditor General's Report

ARI/A/CFC/2023/13

2024 April

Chairman

Ceylon Fertilizer Company Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Ceylon Fertilizer Company Limited for the year ended 31 March 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ceylon Fertilizer Company Ltd ("Company") for the year ended 31 March 2023 comprising the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying 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 their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) Although the balance of the current account No.0210919 of the company in the People's Bank as at the end of the year under review according to the cash book was Rs.360,159,463 and the balance according to the bank statement was Rs.382,799,826 on that day, the balance of the bank account according to the prepared bank reconciliation statement had been Rs.358,733,130. A difference of Rs.1,426,333 was observed due to the fact that, the balance was shown according to the cash book before the revision instead of the revised bank account balance in the financial statements and the reasons for that had not been identified.

- (b) The cost of transportation and handling was under-accounted for Rs.21,892,044 in the previous year and Rs.13,000,000 of that value was adjusted to the relevant expense account in the year under review and the remaining amount of Rs.8,892,044 was not adjusted. Due to non-adjustment to retained earnings account, profit for the year had been understated by Rs.13,000,000 and retained earnings had been overstated by Rs.8,892,044.
- (c) Although an amount of Rs.2,143,772 has been accounted as import advance stating as the letter of credit charges given in the year 2007, none of the bills or documents related to the proof of the expenditure were submitted to the audit and the amount had been written off from the advance account as an expense in the year under review.
- (d) The value of Rs.1,936,904 which was the balance of outstanding salaries, incentives and bonuses accounted before the financial year of 2010/2011 and included in the accrued expenditure had not been settled by the date of audit and the officers to be paid had not been confirmed.
- (e) The prepaid value of insurance premium in the financial years 2020/2021 and 2021/2022 had not been recognized and accounted in those years. In the correction of those accounting deficiencies during the year under review, the balance of the prepaid insurance premium account had been overstated by Rs.3,471,617 and the profit of the year under review had been overstated by Rs.3,201,816.
- (f) The cost of Rs.763,314,221 incurred for the transportation of fertilizer from the company's main warehouse to the regional fertilizer warehouses and agrarian service centers had been accounted under cost of sales without taking it as the selling and distribution expenses.
- (g) In the adjustment during the current year related to the under accounting of container office depreciation by Rs.274,290 in the financial year 2021/2022, due to debiting Rs.326,550 to the container office depreciation account of the current year without adjusting to the retained earnings, the current year profit had been overstated by the same amount.
- (h) In the inspection carried out regarding the deficiency of Rs.2,441,181 in stationery, water pipe fittings, building materials and vehicle spare parts etc. included in consumable items account in the year 2020/2021, although it was reported to the audit that unissued fixed assets worth Rs.2,010,196 and consumable items worth Rs.15,470 was not included in the physical stock and thus the actual deficiency was Rs.415,514, it was stated as receivable value without making any adjustment in this regard. In the corresponding adjustment in the year under review, the said value had been debited to the Consumables account and credited to the Unrealized Stock Variance account. As a result, non-current assets had been underestimated by Rs.2,010,196 and retained earnings had been overestimated by Rs.415,514.
- (i) The amount of Rs.732,188 incurred in the previous year for sample test and analytical reports of the imported fertilizer had been debited to an advance account instead of being debited to the expense account. Due to debiting of the letter of credit charges account without making adjustments in the retained earnings account while the correction of that error in the year under review, the profit of the year had been understated.

- (j) The value of Rs.500,000 which was the over-accounted shipping cost in the previous year had been corrected in the year under review. Due to the fact that, crediting the transport and handling expenses account of the year without making adjustments in the retained earnings accounts, the profit of the year had been overstated by that amount.
- (k) The cost of Rs.474,086,056 incurred during the year under review for the purchase of local fertilizers was included in the import purchase value of fertilizers. Nevertheless, according to paragraph 45 of Sri Lanka Accounting Standards 1, the items of the financial statement were not presented and classified correspondingly to the previous years and the company had not been taken actions to correct this error observed by the audit also in the previous year.
- (l) During the financial year 2021/2022, i.e. during the period when the ban on chemical fertilizers is in effect, according to a request made by the letter No.SMFI/2/D/NFS/11 dated 14 September 2021 of the Director of the National Fertilizer Secretariat, a stock of 10 tons from the stock of urea fertilizers that the company had imported had been given to a private company. The security deposit of Rs.900,000 taken as its commercial value was credited to the debtor's account instead of being credited to the creditor's account. In the year under review, due to debiting the stock adjustment account instead of debiting the debtor account, the gross profit, current assets and current liabilities were understated by Rs.900,000.
- (m) All the cash credited to the company's two current accounts of Bank of Ceylon No.1630339 and People's Bank No.204501 were accounted in a ledger account called Receipt in advance and It was observed that cash sales were also accounted as advance receipts and later transferred to a sales income account. Accordingly, a method of identifying the cash credited to the current accounts was not identified and actions were not taken to account in the correct accounts and settle and, an unsettled credit balance of Rs.5,602,753 as of 31 March 2023 had been disclosed in the financial statements. Balance confirmation letters were not submitted to audit to confirm this balance.
- (n) The debtor balance as at end of the year under review is Rs.1,066,771,612 and It was observed during the audit that there is a balance of Rs.918,765,715 up to 1-2 years old, a balance of Rs.120,500 up to 2-3 years old and a balance of Rs.807,650 up to 4-5 years old, a balance of Rs.56,596,887 up to 5-6 years old, a balance of Rs.878,607 up to 9-10 years old and a balance of Rs.86,502,049 more than 10 years old in that balance. Out of the balance of more than 10 years, Rs.86,308,870 are outstanding debtor balances from government institutions and the company has not taken effective actions to settle them and verify their correctness.
- (o) At the end of the year under review, 3,153 metric tons of compost had been classified and the price was determined according to the records of their purchase at a value of Rs.38,063,251. Nevertheless, it was observed in the audit that the value of the stock has not been considered based on the change in nitrogen percentage in storage and weather conditions.
- (p) At the end of the year under review, 701 bottles of 500 ml liquid Nano Nitrogen fertilizer were physically available and the value of each bottle was Rs.7.50 and it had been stated as Rs.5,257.50. The purchase value of a bottle of Nano Nitrogen liquid fertilizer

is Rs.2,040 and on valuing it at Rs.7.50, the reduction in value of the stock as a stock loss/depreciation has not been adjusted in the financial statements. It is also observed that the liquid fertilizers that were imported in the year 2021 have expired as at the end of the year under review and net realization value have not there and the fertilizers were purchased from the provisions of the then State Ministry of Agriculture for free issues and therefore it is not correct to value them as stock of the company.

- (q) Although the sum of the value to be reimbursed from the treasury on the expenses incurred by the company for 15,009,964 MT of fertilizer which was given to the company for distribution and sale activities from the stock of Urea, T.S.P. and M.O.P. fertilizers imported by the Ministry of Agriculture under loans and grants during the year under review is stated in the financial statements as Rs.1,687,821,803, during the inspection of the payment vouchers related to those expenses, differences between the actual expenses incurred by the company and the values calculated to be reimbursed from the treasury were observed and it was observed that Rs.9,327,156 more than the actual expenditure was included in the value indicated as recoverable from the treasury.
- (r) During the year under review, the company received Rs.3,239,944 more than the value that had been accounted as receivable from the treasury for the import of subsidized fertilizers in the previous year and, due to the fact that the value has been deducted from the purchase cost of the year without making adjustments to the retained earnings account, the operating profit of the year under review had been overestimated
- (s) And in calculating the total value of the expenses identified as recoverable from the treasury for Urea, M.O.P. and T.S.P. fertilizer received by the company under loans and grant during the year under review, Rs. 255,891,350 had been deducted and the information related to fertilizer sales of K.C.L. was included in the supporting documents submitted with the relevant journal voucher and audit was unable to ascertain the value of the fertilizer as the K.C.L. fertilizer was not imported under credit or subsidy schemes and clear and specific information was not presented by the company during the year under review.
- (t) The company was allowed to bear the costs of clearance, transportation, distribution and administration of fertilizers imported under loans and grants during the year under review and to reimburse those costs from the treasury. However, although the company had separately identified the types of costs incurred for the related fertilizer stocks, reimbursable expenses that are non-expenses of the company had been reduced under the cost of purchase without acting in accordance with Sri Lanka Accounting Standard 20. Due to the fact that Rs.715,031,170 which accounted under direct costs and Rs.292,493,832 which accounted under administrative expenses were also included in that expense, there was an abnormal increase in those expenses and an abnormal credit value of Rs.300,854,825 was taken in the purchase cost.
- (u) The company has filed a case number 31/26/2019 in the Wattala Labor Court due to the failure of the former procurement manager who was at that time to obtain the advance bank guarantee given by a selected contractor after a call for tenders for carpeting the floor of the company's warehouse premises in the year 2015 and the relevant order was published on 08 July 2022. Accordingly, the said officer has been decided as an offender and he had already voluntarily left the service. The company has stopped the salary of the officer from 17 June 2015 and credited Rs.917,910 to the payable expenses account as the arrears of salary of him and due to the fact that the due value was shown in the accounts as a further payable value, the non-current liabilities were overstated by that amount.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other Information included in the Annual Report 2021 of the Company

The other information comprises the information included in the 2023 Annual Report but does not include the financial statements and my auditor's report thereon. Management is responsible for the other information.

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

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

When I read the Annual Report of the year 2023, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

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

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

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

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company are required to maintain proper books and records of all their income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibility for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or er-

ror 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2 (b),(c),(e),(g),(h),(i),(-j),(k),(l),(o),(q), 2.2.2 (a),(b), 2.2.4 (c) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained was limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which is out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018

2.2.2 To state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018

Reference to Laws, Rules and Observation Regulations etc.	Non-compliance
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(a) Paragraph 6.6 of the Operational Manual issued with Public Enterprise Circular No.01/2021 dated 16 November 2021 of the Secretary of the Treasury.

Although the all public companies should prepare and submit the financial statements to the Auditor General within 60 days of the end of the financial year, the financial statements of year 2022/2023 had been submitted to the Auditor General after 242 day of the end of the financial year.

(b) Paragraph No.6.6 of the Operational Manual issued with Public Enterprise Circular No.01/2021 dated 16 November

Although the Annual Report of the company should be tabled in Parliament within 05 months after the end of the 2021 of the Secretary of the Treasury. accounting year, The Annual Report of the year 2023 was not tabled in Parliament by the date of the audit.

2.2.3 To state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 To state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

(a) Although the company has spent Rs. 22,910,795 re-establishing and operating a computer system, the ability to prepare financial statements through the computer system purchased at a huge cost became problematic to the audit due to the fact that the financial statements and ledger accounts of the reviewed year were done manually and it was observed during the audit that the above computer system is not being used effectively.

- (b) Although the number of approved posts of Internal Audit Officer in the company was 01, the actual number as on the last date of the year under review was 04. The action had not been taken to approve the excess number of workers.
- (c) Although the land with an area of 29.93 perches called Wariyapola Estate where the lakpo-hora warehouse is established in the Matale district was legally transferred by the Land Re-formed Commission to the company on 10 September 2020 through a deed, the non-current assets had been understated in the financial statements due to the fact that the land had not been assessed and accounted.
- (d) The company's internal circular No. 2021/GM/02 dated 15 September 2021 had provided the opportunity to register fertilizer suppliers from regional warehouses and purchase organic and compost fertilizers from them under the program to purchase environmentally friendly fertilizers in conjunction with the implementation of the fertilizer policy of the government after banning the import of chemical fertilizers. It was observed that the fertilizer purchased in this way had been sold less quantity, and 902 MT had not been sold and was piled up in the warehouses by 31 March 2023.
- (e) The company had a stock of 56 metric tons of expired chemical fertilizers and 26.7 metric tons of sweeping fertilizer as at 31 March 2023 and the company had not been implemented a proper marketing plan regarding the disposal of this amount of fertilizer.
- (f) Although one fertilizer transporter has been awarded the bid and contracted to transport the fertilizer only to the local fertilizer warehouse and related agricultural service centers that can be transported to a certain district or a certain province according to the procurement committee's decision, situations which the fertilizers had been transported by the same transporter for district and provinces which transport was not granted had been observed to audit. For example, it was observed that although bids were awarded and agreed only to transport fertilizers to the Pottuvil Regional Fertilizer Warehouse and related agricultural service centers in Ampara district, the fertilizer was transported to the regional fertilizers warehouses and related Agrarian Service Centers in the districts of Hambantota, Ratnapura, Kandy, Polonnaruwa, Puttalam, Mannar, Kilinochchi, Mullaitivu, Jaffna which were not awarded the bids.
- (g) According to the decision of the Board of Directors dated 26 February 2016, the construction work of the Kataragama resort has been temporarily stopped and by the end of the year under review, steps had not been taken to restart the construction work or use it for any other productive purpose, and the initial cost incurred for that was Rs.676,730 is further observed in the audit as idle expenditure.
- (h) (A requirement of 05 lac empty bags was decided to purchase the organic fertilizers produced the Army, Department of Civil Defense and other small-scale producers by the company under the eco-friendly organic fertilizer program and supply them to the farmers, and out of that 2 lac were purchased under emergency purchases through the supplier who had submitted the lowest price by calling bid from the registered suppliers in the year 2021, 200,000 empty bags purchase at Rs.68.98 per each. Although an order was issued to purchase 200,000 bags under the emergency condition again on 23.09.2021, it was observed that the payments were suspended as the specifications of the bags which supplies related to the second order did not conform to the company's specifications. As such, 58,596 empty fertilizer bags worth Rs.2,909,094 purchased on the basis of emergency requirement had been piled up in the warehouse for more than 02 years at 30 January 2024 which the date of the audit. It is further observed that these empty bags are not capable of being used for any purpose of packing the other fertilizers due to printed as COMPOST on them.
- (i) It was contracted to buy organic liquid fertilizers produced by a private company and re-release them to the market under the name of "Corporation" by Ceylon Fertilizer Company Limited in the year 2017, Accordingly, a small amount of the obtained organic liquid fertilizers was sold and the rest remained in the warehouses for a long time. The private company

had been handed over 10,000 liters of the remaining amount of liquid fertilizer by the company to enrich organic liquid fertilizer and paid an advance amount of Rs.5,560,000 to that company. The concerned institution had not carried out any work related to the enrichment of organic liquid fertilizers as per the agreement.

2.2.5 Other Matters

- (a) By end of the year under review, there were 07 assigned cases against the external parties to recover the losses incurred by the company and also one 01 assigned cases against the company by the external parties, and the related information was not disclosed in the financial statements.
- (i) Although, the company had to be received an amount of Rs.37,993,346 and Rs.35,931,679 respectively from the Janatha Vatu Development Board and the State Plantation Corporation regarding towards providing fertilizer on credit basis since 10 years, it was observed that the company had been failed to recover those balances and also agreements had been reached with the relevant institutions from time to time to transfer a fixed asset to the company but it had not been implemented effectively.
- (ii) It was observed that even on the date of audit, the company had been failed to recover the credit balances of Rs.807,650 exceeding 3 years of Palwatta Sugar Company and credit balances of Rs.120,500 exceeding one year of Ibbagamuwa Rice Research and Development Institute.
- (iii) It was observed that as at the end of the year under review, the total receivable credit amount to the company from 346 Agrarian Service Centers was Rs.1,385,011,522 and out of that, Rs.490,990,037 is the outstanding loan balance existing in period from 01 year to 05 year.
- (iv) It was observed that the total outstanding value for the stock of fertilizer issued by the company on credit basis to the sales agents during the period from 04 to 10 years was Rs.13,239,202.
- (v) It was observed during the audit that the total receivable credit balances to the company from the distributors of fertilizers who distribute from the company to the Agrarian Service Centers which exceeded 04 years is Rs.44,941,885.
- (b) The company had been purchased 4 container offices costing Rs.2,916,000 on 06 August 2021 and only the value of Rs.2,781,000 paid in cash for that had been recorded in the relevant asset account and the amount of Rs.135,000 which is related to the retention amount had not been recorded in the relevant asset account and the retention account. Accordingly, it was observed that non-current assets and current liabilities had been understated by that value.
- (c) The total cost for the renovation of bungalow No.02 owned by the company is Rs.2,226,150 and only the first instalment of Rs.1,446,997 had been recorded in the building account. Accordingly, due to the non-recording of the relevant retention amount of Rs.111,307 in the retention money account and the relevant asset account, the Non-current assets and current liabilities had been understated by that value.
- (d) The company had been taken action to give the stock of fertilizer which imported to release to paddy farmers under the Cabinet approval to private fertilizer companies in the areas of Kelaniya, Colombo and Makola on credit basis and to get fertilizer from those companies on credit basis. Accordingly, the company had been taken actions to give 2,504 metric tons of fertilizer to private fertilizer companies on credit basis and to get another 5,066 metric tons of fertilizer from private fertilizer companies on credit basis. In the year under review, 3,496.2 metric tons of fertilizer obtained from private fertilizer companies in the previous year had been returned and 250 metric tons of fertilizer given to private fertilizer companies had been received. This is observed as non-compliance with the approval given by the Cabinet for the import of fertilizers.


W. P. C. Wickramaratne

Auditor General

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

	Note	2023	2022
Revenue	3	536,112,271	1,209,392,948
Cost of Sales	4	(324,841,005)	(868,945,417)
Gross Profit		211,271,266	340,447,531
Other Operating Income	5	52,651,785	104,584,039
Administrative Expenses	6	(550,252,130)	(533,615,098)
Promotional Expenses	7	(8,992,489)	(151,485)
Profit from Operation		(295,321,568)	(88,735,013)
Finance Income	8	626,584,214	181,995,015
Finance Cost	8	(218,301,976)	(27,911,393)
Profit Before Taxation		112,960,670	65,348,609
Income Tax Expenses	9	7,840,166	16,227,311
Profit for the Year		120,800,836	81,575,919
Other Comprehensive Income		-	-
Actuarial Gain/Loss on Obligation		-	-
Deferred Tax Benefits / (Expenses) on Actuarial Gain/Loss on Obligation		(61,471,108)	941,065
Deferred Tax Benefits / (Expenses) on Revaluation Surplus		(61,471,108)	941,065
Total Other Comprehensive Income			
Total Comprehensive Income for the Year		59,329,728	82,516,985

Basic Earnings Per Share (EPS)	10.1	2.40	1.62
Dividends Per Share (DPS)	10.2	0.36	0.24

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 5 to 24 form an integral part of these Financial Statements.

Statement of Financial Position

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)			
	Note	2023	2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	2,599,875,848	2,632,653,373
Capital Work-in-Progress	12	676,729	676,729
Intangible Assets	13	396,479	4,978,638
Total Non-Current Assets		2,600,949,057	2,638,308,740
Current Assets			
Inventories	14	281,493,596	94,985,181
Trade and Other Receivables	15	24,131,615,412	28,453,931,827
Employees Loans and Advances	16	41,567,777	35,470,521
Investments in Government Securities	17	958,141,229	807,101,718
Investments in Fixed Deposits	18	2,925,863,811	2,523,866,395
Cash and Cash Equivalents	19	499,185,028	297,704,965
Total Current Assets		28,837,866,853	32,213,060,606
Total Assets		31,438,815,910	34,851,369,347
EQUITY AND LIABILITIES			
Equity			
Stated Capital	20	502,456,080	502,456,080
Revaluation Reserve	21	2,256,835,668	2,318,306,775
Retained Earnings		3,360,120,415	3,569,463,352
Total Equity		6,419,412,162	6,390,226,207
Non-Current Liabilities			
Retirement Benefits Obligation	22	79,868,769	73,914,153
Deferred Taxation	23	115,263,533	100,894,788
Interest Bearing Borrowings	25	22,206,902,897	13,451,229,712
Total Non-Current Liabilities		22,402,035,199	13,626,038,653
Current Liabilities			
Trade and Other Payables	24	2,315,977,743	2,963,540,581
Interest Bearing Borrowings	25	209,041,249	11,768,854,035
Deposits and Advances Received	26	20,485,353	17,949,514
Income Tax Payables	27	47,097,424	21,019,056
Accrued Expenses and Provisions	28	24,766,778	63,741,301
Total Current Liabilities		2,617,368,547	14,835,104,486
Total Equity and Liabilities		31,438,815,910	34,851,369,347
Net Asset Value Per Share		127.76	127.18

I certify that these Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.



Finance Manager

The Board of Directors is Responsible for Preparation and Presentation of these Financial Statements.
Approved and Signed for and on behalf of the Board,



Chairman



Director

27.11.2023
Colombo.

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 94 to 134 form an integral part of these Financial Statements.

Statement of Changes of Equity

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

	Stated Capital	Revaluation Reserve	Retained Earnings	Total
Balance as at 01 April 2021	502,456,080	2,317,365,710	3,526,156,689	6,345,978,479
Prior Year Adjustments	-	-	(8,871,274)	(8,871,274)
Dividend Paid	-	-	(29,397,983)	(29,397,983)
Profit for the year	-	-	81,575,919	81,575,919
Other Comprehensive Income		941,065	-	941,065
Balance as at 31 March 2022	502,456,080	2,318,306,775	3,569,463,351	6,390,226,206
Prior Year Adjustments	-	-	(15,143,772)	(15,143,772)
Dividend Paid	-	-	(15,000,000)	(15,000,000)
Profit for the Year	-	-	120,800,836	120,800,836
Other Comprehensive Income	-	(61,471,108)	-	(61,471,108)
Balance as at 31 st March 2023	502,456,080	2,256,835,668	3,660,120,415	6,419,412,162

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 94 to 134 form an integral part of these Financial Statements.

Ceylon Fertilizer Company Ltd

Statement of Cash Flows

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

	2023	2022
Cash Flows from Operating Activities		
Profit Before Taxation	112,960,670	65,348,609
Adjustments for;		
Depreciation	40,772,701	41,088,023
Amortization of Intangible Assets	4,582,159	4,582,159
Gratuity Charge for the Year	19,005,034	3,418,199
Interest Income	(626,584,214)	(181,995,015)
Interest Expenses	218,301,976	27,911,393
Prior Year Adjustments	(15,143,772)	(8,871,274)
Operating Loss Before Working Capital Changes	(246,105,446)	(48,517,906)
Inventories	(186,508,415)	293,735,753
Trade and Other Receivables	4,322,316,416	(2,781,904,506)
Employees Loans and Advances	(6,097,256)	3,700,755
Trade and Other Payables	(647,562,838)	(2,807,379,436)
Deposits and Advances Received	22,069	4,109,409
Accrued Expenses and Provisions	(38,974,523)	(14,460,682)
Cash Flow from Operations	3,197,090,007	5,358,935,431
Gratuity Paid	(13,050,418)	(9,235,432)
Interest Paid	(218,301,976)	(27,911,393)
Taxes Paid	-	(4,345,255)
Net Cash Flow from / (used in) Operating Activities	2,965,737,613	5,400,427,511
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(7,995,177)	(7,751,291)
Investment (With Interest Re-investment) in Treasury Bills / Fixed Deposits	(553,036,928)	(204,498,368)
Interest Received (Net of Taxes)	615,914,156	181,995,015
Net Cash Flow from / (used in) Investing Activities	54,882,051	(30,254,644)
Cash Flows from Financing Activities		
Borrowings During the Year	13,574,325,625	8,391,084,309
Dividend Paid	(15,000,000)	(29,397,983)
Settlements of Borrowings During the Year	(16,378,465,225)	(2,828,929,633)
Net Cash Flow from / (used in) Financing Activities	(2,819,139,600)	5,532,756,693
Net Changes in Cash and Cash Equivalents During the Year	201,480,064	102,074,538
Cash and Cash Equivalents at Beginning of the Year	297,704,965	195,630,426
Cash and Cash Equivalents at End of the Year	(Note 19) 499,185,029	297,704,965

Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 5 to 24 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Corporate Information

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL POLICIES

Reporting entity

Ceylon Fertilizer Company is a fully government owned, ISO 9001:2008 Certified Company coming under purview of the Ministry of Agriculture operating for more than 50 years in Sri Lanka. Ceylon Fertilizer Company is engaged in importation of chemical fertilizer, producing quality fertilizer mixture and marketing, distributing through island wide network of warehouses and thereby catering to the fertilizer needs of Sri Lankan Farmers.

Ceylon Fertilizer Corporation was converted to Ceylon fertilizer Company Ltd in terms of the transformation of Government Corporations and Government owned business undertaking into limited liability companies under the act No. 23 of 1987.

This Conversion took legal effect from 15th September 1992. The Ceylon Fertilizer Company Ltd presently operates as a Registered Public Company in Sri Lanka under the Companies Act No. 7 of 2007. The objective of the Ceylon Fertilizer Company Ltd is to ensure carrying out the successful business undertaken by its predecessor Ceylon Fertilizer Corporation which was established under the provisions of the State Industrial Companies Act Number 49 of 1957

1.2 FINANCIAL YEAR

The Company's financial reporting period ends on 31st March.

1.3 Share Capital of the Company

The company is fully owned by the Sri Lanka Treasury and the issued share capital is 50,245,608 ordinary shares of rupees 10 each.

1.4 NUMBER OF EMPLOYEES

The number of employees of the Company as at 31 March 2023 was 327 (2021- 362)

1.5 DATE OF AUTHORIZATION FOR ISSUE IS 31st March 2023.

1.6 Legal Nature and Address of the registered office

A limited liability company incorporated in Sri Lanka with full ownership vested with the Secretary to the Ministry of Finance. The Head office is situated at Lakpohora Swarna Jayanthi Mawatha, Hunupitiya, Wattala, Sri Lanka.

1.7 Principal Activities and Nature of operation

The Company will successfully and continuously provide fertilizer to the nation through its island wide distribution network, which contributed significantly to the economic development and growth of the company. It is also considered to be the first State Organization to produce and distribute organic pellet fertilizer to the local market.

Statement of Compliance

1.8 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant

Notes to the Financial Statements

For the Year Ended 31st March 2023

doubt upon the company's ability to continue as a going concern. Therefore, the financial statement of the company continues to be prepared on a going concern basis.

1.9 Taxation

Provision for taxation has been made on the basis of profit for the year as adjusted for taxation purposes in accordance with the Inland Revenue Act No 10 of 2016 and the new Inland Revenue Act No 24 of 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance

The financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The preparation of financial statements, in conformity with Sri Lanka Accounting Standards (SLFRSs), requires the use of certain critical accounting estimates. It also requires management to

exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.26.

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:

- liability of defined benefit obligation is recognized as the present value of the defined benefit obligation
- Freehold land and buildings are measured at cost at the time of acquisition and subsequently at revalued amounts, which are the fair values at the date of revaluation

The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for the land, buildings, investment properties and financial assets at fair value through Other Comprehensive

Income Presentation and Functional Currency
The Financial Statements are presented in Sri Lankan Rupees, the Companies functional and presentation currency, which is the primary economic environment in which the Company operates.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Each material class of similar items is presented cumulatively in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard- SLFRSs on ‘Presentation of Financial Statements’. The significant accounting policies are discussed with relevant individual notes.

Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in reporting the Public Sector Accounting Standards volumes I, II and III issued by the Institute of Chartered Accountants of Sri Lanka.

It is also disclosed that when the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current in order to provide a better presentation. Hence **Fixed Assets**, **Current Assets** and **Equity** classification errors have been corrected as per **SLPSAS** and **Treasury guide lines**.

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

Summary of Significant Accounting Policies

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages. Those accounting policies presented with each note have been applied consistently by the company. Other significant accounting policies not covered with individual notes. Following accounting policies which have been applied consistently by company, is considered to be significant but are not covered in any other sections.

Current versus non-current classification

The Company presents assets and liabilities in Statement of Financial Position based on current/non-current classification. An asset is current when it is:

1. expected to be realized or intended to be sold or consumed in normal operating cycle
2. held primarily for the purpose of trading
3. expected to be realized within twelve months after the reporting period, or
4. 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.
5. A liability is considered as current when:

Notes to the Financial Statements

For the Year Ended 31st March 2023

- 6. it is expected to be settled in normal operating cycle
- 7. it is held primarily for the purpose of trading
- 8. it is due to be settled within twelvemonths after the reporting period, or
- 9. there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities accordingly

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise indicated.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in reporting the Accounting Standards as per SLAS issued by the Institute of Chartered Accountants of Sri Lanka.

It is also disclosed that when the presentation or classification of items in the financial statements have been amended to provide a better presentation.

The current year financial statement

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

Transaction and balances included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lanka Rupees (LKR), which is the company's presentation currency.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences related to changes in amortized cost are recognized in the statement of comprehensive income.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements the company require the management to make judgments, estimates and assumptions, Notes to the Financial Statements which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. 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. In the process of applying the company's accounting

Notes to the Financial Statements

For the Year Ended 31st March 2023

policies, management has made various judgments. Those which management has assessed to have the most significant effect on the amounts recognized in the Consolidated Financial Statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.4 ASSETS AND BASIS OF THEIR VALUATION

2.4.1 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are stated at cost or at their fair value less accumulated depreciation or impairment losses.

The ownership of premises where the Company head office is located was vested with the Company on a Cabinet decision as a presidential directive was issued in the year 2009. However, although the deeds were received, the process of registering the ownership of the premises with the Land Commissioner of the Kelaniya and wattala divisional secretariats is currently under process. The reg-

istration of the kelaniya divisional secretariat deed registration is done but no sooner the registration of the wattala secretariat is done the Company will be claiming the compensation value of rupees 12.6 Million from the Road Development Authority for acquiring 28 perch of land for expansion of the transport system of the country.

The Ceylon Fertilizer Company considers the minimum value of fixed assets as rupees 5,000, all items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own useful life and depreciation.

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

All the item of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Any revaluation increases arising on the revaluation of such Assets are recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation.

Decrease for the same asset previously recognized in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the Carrying amount arising on a revaluation of Assets are recognized in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a Previous revaluation of the same Assets.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained Earnings and is not taken into account in arriving at the gain or loss on disposal. The details of revaluation of Assets are disclosed in note 11 to the financial statements

2.4.2 All other repair and maintenance costs are recognized in the income statement as incurred.

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

All the item of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that they are carrying amount do not differ

materially from fair values at the reporting date. Any revaluation increase arising on the revaluation of such Assets are recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation.

Decrease for the same asset previously recognized in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the Carrying amount arising on a revaluation of Assets are recognized in the income statement to The extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a Previous revaluation of the same Assets.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained Earnings and is not taken into account in arriving at the gain or loss on disposal. The details of revaluation Of Assets are disclosed in note 11 to the financial statements

Notes to the Financial Statements

For the Year Ended 31st March 2023

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight- line basis over their estimated useful lives. Depreciation is recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Land is not depreciated; depreciation on other assets is calculated using straight-line method to allocate their cost or re-valued amount over their estimated useful lives, as follows:

Buildings	40 Years
Container Office	10 Years
Plant and Machinery	05 -10 Years
Motor Vehicles	05 Years
Bicycles	03 Years
Office Furniture	03 Years
Office Equipment	03 Years
Workshop Tools	05 Years
Lab Equipment	03 Years
Other Equipment	03 Years
Canteen Equipment	05 Years
Computer Accessories	03 Years

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

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

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain/loss on de-recognition of an item of property, plant and equipment is included in profit or loss in the year the asset is derecognized.

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

De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized upon disposal or whenNo future economic benefits are expected from its use or disposal. The gain or loss arising from theDe recognition of an item of property, plant and equipment is included in profit or loss when item is deRecognized.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Measurement of fair values

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

- Level 1-quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or Liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable Inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the consolidated financial statements.

Revaluation Model

The Group applies Revaluation Model for the entire class of land and buildings in the statement of financial position. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and buildings does not change other than by an insignificant amount at each reporting period the Group will revalue such land and buildings every 3 years .

Any revaluation increase arising on the revaluation of such land and buildings are recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation

decrease for the same asset previously recognized in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation of land and buildings are recognized in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the same land and Buildings. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal. The details of revaluation of land and buildings are disclosed in note xxx to the financial statements.

Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

2.4.3 Intangible Assets

Acquired computer software and operating systems are capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:

Notes to the Financial Statements

For the Year Ended 31st March 2023

Computer Software 05 Years

Costs associated with maintaining computer software programmers' are recognized as an expense as incurred.

2.4.4 Impairment of Non-Financial Assets

At each end of reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company determines the cash-generating unit and estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.5 Financial Assets

2.5.1 The Company determines the classification of its financial assets at initial recognition and the Company classifies its financial assets as follows:

- a) Held-to- Maturity Investment
- b) Loans and receivables

a) Held-to- Maturity Investment (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the positive intention and ability to hold them until maturity. HTM investments are included in current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables comprise subsidy receivables, trade and other receivables; repurchase government securities, fixed deposits, prepayments, advances, and deposits, loans to employees and cash and cash equivalents in end of the reporting period.

Notes to the Financial Statements

For the Year Ended 31st March 2023

2.5.2 Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the Company originates the transaction. Other financial assets are recognized on the trade-date on which the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial assets.

2.5.3 Subsequent Measurement

a) Held-to- Maturity Investment (HTM)

HTM investments are measured subsequently at amortized cost using the effective interest method. Amortized cost is computed taking into account of discount or premium on acquisition and transaction costs.

b) Loans and receivables

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

2.5.4 Impairment of Financial Assets

Assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables and held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

Notes to the Financial Statements

For the Year Ended 31st March 2023

2.6 Inventories

Inventories (Direct and Mixed Fertilizers) are stated at cost minus subsidy. Cost is determined using the first-in, first-out (FIFO) method. The cost of mixed fertilizer comprises raw materials, direct labour, other direct costs and related production overheads. Inventories purchased locally are stated at castanet realized whichever is lower. Net realizable value is the subsidized value in the ordinary course of business, less applicable selling expenses.

Consumables and packing material are stated at cost or net realized whichever is lower.

2.7 Trade Receivables

Trade receivables are amounts due from customers for sale of goods in the ordinary course of business. Collection is expected in the normal operating cycle of the business and they are classified as current assets. Trade receivables are recognized initially at fair value, which is the invoice value and subsequently measured at the original invoice value less provision for impairment.

The Company assesses at the end of each reporting period whether there is objective evidence that trade receivables is impaired. Objective evidences of impairment for trade receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments past the maximum credit period of 90 days. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment. All trade receivables are assessed individually for impairment.

The model and basis used to assess the trade receivables for impairment is as follows:

Individual Evaluation Model: Following types of trade receivables are reviewed individually to measure the impairment loss.

- i) Multi Purpose Co-operative Societies
- ii) Agrarian Service Centers
- iii) Authorized Dealers
- iv) Government Institutions and Departments

2.8. Financial Instruments

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

2.9 Financial Assets

Initial Recognition and Measurement

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

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

Notes to the Financial Statements

For the Year Ended 31st March 2023

financial liabilities at fair value through profit or loss are dealt with through the Income Statement. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section xxxx, Revenue from contracts with customers. In order for a financial asset (excluding equity instruments) to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.9.1 Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon

Derecognition (equity instruments)

Financial assets at fair value through profit or loss

2.9.2 Financial Assets at Amortized Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost include trade receivables, amounts due from related companies and fixed deposits.

Notes to the Financial Statements

For the Year Ended 31st March 2023

2.9.3 Financial Assets at Fair Value through OCI (Deb Instruments)

- The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- 1. The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- 2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognize in the income statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Group currently does not own any financial asset that is classified under this category.

2.9.4 Financial Assets Designated at Fair Value through OCI (Equity Instruments)

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

The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled To profit or loss. Dividends are recognized as other income in the income statement the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group currently does not own any financial asset that is classified under this category.

2.9.5 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measure data fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net change in fair value recognized

Notes to the Financial Statements

For the Year Ended 31st March 2023

in the income statement. Dividends on listed equity investments are also recognized as other income in the income statement when the right of Payment has been established. The Group currently does not own any financial asset that is classified under this category.

2.9.6 Business Model Assessment

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

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets; How the performance of the portfolio is evaluated and reported to the Group's management the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and Expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered

sales for this purpose, consistent with the Group's continuing recognition of the assets. 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 Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. Assessment whether contractual cash flows are solely payments of principal and interest.

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers: Contingent events that would change the amount or timing of cash flows; Terms that may adjust the contractual coupon rate, including variable-rate features; Prepayment and extension features; and Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features). A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and

Notes to the Financial Statements

For the Year Ended 31st March 2023

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 paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual paramount 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.

2.9.7 Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9.8 De recognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de recognized (i.e., removed from the Group's Consolidated statement of financial position) when: The rights to receive cash flows from the asset have expired or The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

- (a) The Group has transferred substantially all the risks and rewards of the asset, or
- (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset And the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount

Notes to the Financial Statements

For the Year Ended 31st March 2023

of the asset and the maximum amount of consideration that the Group could be required to repay. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of;

- (i) the consideration received (including any new asset obtained less any new liability assumed) and,
- (ii) Any cumulative gain or loss that had been recognized another comprehensive income is recognized in profit or loss

2.9.9 Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.10 Stated Capital

Ordinary shares issued to the Government of Sri Lanka are classified as equity.

2.11 Financial Liabilities

Disclosure of Contingent Liabilities

Provisions for operating expenses are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources

will be required from the Company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

- a) The Company had taken a decision in the year 2016 to rent out Polgahawela stores premises of the Sri Lanka Railways Department, and as at the end of the accounting year a sum of rupees 5,784,668 is payable. However, this payable amount could not be taken in to the books of accounts of the Company as no valid agreement has been reached between the two parties.

Notes to the Financial Statements

For the Year Ended 31st March 2023

- b) Similarly, the Company had taken a decision in the year 2010 to rent out Hingurakgoda stores premises of the Sri Lanka Railways Department and as at the end of the accounting year a sum of rupees 764,480 is payable. However, this payable amount could not be taken in to the books of accounts of the Company as no valid agreement has been reached between the two parties.
- c) The Company had also rented out Stores premises of the Sri Lanka Mahawele Authority in the year 2015 and a sum of rupees 1,630,000 is payable for renting out the Sooriyawewa stores. This amount too could not be taken in to the books of accounts of the company as no valid rent / lease agreement has been reached between the two parties.
- d) Similarly, the Company had also rented out the Kirologama stores premises of the Sri Lanka Mahawele Authority in the year 2012 and a sum of rupees 900,000 is payable for renting out the stores. This amount too could not be taken in to the books of accounts of the company as no valid rent / lease agreement has been reached between the two parties.

Recognition and Measurement

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it's a derivative or it is des-

ignated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest Expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de recognitions also recognized in profit or loss.

2.11.1 De recognition of Financial Liabilities

A financial liability is derecognized 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 exchanger 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.

2.11.2 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognize amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

For the Year Ended 31st March 2023

2.11.3 Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

2.12 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities as in the normal operating cycle of the business.

Trade and other payables are recognized initially at fair value, which is the transaction price and subsequently measured at the original invoice value as they are expected to be paid within a short period, such that the time value of money is not significant.

2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method.

2.14 Borrowing Cost

Borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

2.15 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Fertilizer subsidies relating to import costs are recognized in the statement of comprehensive income to match them with the costs that they are intended to compensate. Fertilizer subsidies to compensate for import costs already incurred are recognized as subsidy receivable where there is a reasonable assurance that the subsidy will be received.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.16 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period end applicable for the Company. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

2.17 Employee Benefits

The Company has both defined benefit and defined contribution plans.

a) Defined Contribution plan

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further con-

tributions. The contributions are recognized as employee benefit expense when they are due.

The Company contributes 15% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

b) Defined benefit plan

The company obligation in respect of defined benefit plan is the present value of the defined benefits obligation at the end of the reporting period. The defined benefits obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The company will re-measure the defined benefit obligation when the amounts recognized in the financial statements will differ materially from the amount that would be determined at the end of the reporting period. Past service costs are recognized immediately in the statement of comprehensive income.

Notes to the Financial Statements

For the Year Ended 31st March 2023

The retirement benefits obligation is not externally funded.

c) Short-term employee benefit

Short-term employee benefits obligations are measured on an undiscounted amount expected to be paid for related services provided by the employee.

2.18 Provisions and Contingent Liabilities

Provisions for operating expenses are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.19 Revenue Recognition

Revenue is measured at the subsidized value received or receivable, and represents amounts receivable for sales of goods, stated net of Value Added Taxes (VAT) and Nation Building Tax (NBT). The Company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Company.

The Company applies the revenue recognition criteria set out below to each identifiable major types of services rendered.

- a) Performance obligations and revenue recognition policiesRevenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Type of product / service	Nature and timing of satisfaction of performance	Revenue recognition policies obligations, including significant payment terms
Sale of goods & services	The Company operates in different divisions and engaged in varieties of sale of goods under each divisions/clusters.	The revenue is recognized based on the identified performance obligation. The transaction price is determined taking into account of variable considerations. The transaction price is allocated to performance obligations recognized the revenue either over the time of the contract or point in time upon analysis of each sale of goods under separate divisions.
Distributors and dealer volume rebates	Distributors and dealers are entitled to volume rebates are given based on yearly and daily sales and quantity over different slabs	The Company estimate the amount of variable consideration to which it expects to be entitled. Giving consideration to the risk of revenue reversal in making the estimate for volume rebates. The transaction price under revenue is adjusted for the provision of volume rebates are recognized as revenue.
Issue of free goods	The company offers free goods to their dealers as a promotion.	The free goods granted to customer is a material right of the customer and is accounted as a separate performance obligation. The revenue is allocated for the performance obligation on their relative stand alone selling price and the revenue is recognized at the point in time when the performance obligation is mat.

Notes to the Financial Statements

For the Year Ended 31st March 2023

b) Interest Income

Interest income is recognized using the effective interest method.

c) Rent Income

Rent income is recognized on an accrual basis over the term of lease.

d) Gain and Losses on Disposal of Property, Plant and Equipment

Rent income is recognized on an accrual basis over the term of lease.

e) Other Income

Other income is recognized on an accrual basis.

2.20 Expenses

All expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period.

2.21 Events Occurring after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements. to the financial statements.

2.22 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

2.23 Significant Accounting Estimates and Judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

2.23.1 The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

(a) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

2.23.2 Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(a) Useful life time of Depreciable Assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Notes to the Financial Statements

For the Year Ended 31st March 2023

(b) Defined benefit plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefits obligation.

NEW ACCOUNTING STANDARD AMENDMENTS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standard Amendments which will become applicable for financial periods beginning on or after 01st April 2020 or at a later date. Accordingly, these Amendments have not been applied in preparing these Financial Statements.

New or amended standards	Summary of the requirement	Possible impact on Consolidated F
SLFRS 3 Definition of a Business	<p>SLFRS 3 helps entities to determine whether an acquired set of activities and assets is a business or not. These amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process</p> <p>Is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test.</p>	<p>where this enhances the relevance or faithful Representation of the Financial Statements.</p>

Notes to the Financial Statements

For the Year Ended 31st March 2023

<p>LKAS 1 and LKAS 8 Definition of Material</p>	<p>Amendments to LKAS 1 and LKAS 8 on “Accounting Policies, Changes in Accounting Estimates and Errors” to align the definition of “material” across the standards and to clarify certain aspects of the term “definition”. The new definition states that. “information” is material if omitting , misstating</p> <p>or obscuring it could reasonably be expected to influence decision that the primary users of general purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.</p>	
<p>Amendments to References to Conceptual Framework in SLFRS Standards</p>	<p>Conceptual Framework which will be used in Standard setting decisions with immediate effect. Key changes include;</p> <ul style="list-style-type: none"> Increasing the prominence of stewardship in the objective of financial reporting Reinstating prudence as a component of neutrality Defining a reporting entity, which may be a identity , or a portion of an entity Revising the definitions of an asset and a liability 	

Notes to the Financial Statements

For the Year Ended 31st March 2023

	<ul style="list-style-type: none"> • <i>Removing the probability threshold for recognition and adding guidance on de-recognition</i> • <i>Adding guidance an different measurements basis, and</i> • <i>Stating that profit or loss is the primary performance indicator and that, in principal, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the Financial Statements.</i> 	
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Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

3	Revenue	2023	2022
	Sale of Fertilizer	536,112,271	1,209,392,948
		536,112,271	1,209,392,948
4	Cost of Sales		
	Purchases	4.1 (300,854,825)	454,904,491
	Direct Expenses	4.2 808,021,474	119,868,039
	Cost of Production	507,166,649	574,772,530
	Finished Goods as at 01 April	152,611,536	446,784,423
	Finished Goods as at 31 March	(334,937,180)	(152,611,536)
		324,841,005	868,945,417
4.1	Purchases		
	Fertilizer Import Bills	474,086,056	4,612,205,399
	Insurance	-	773,985
	Duty and Duty Surcharge	-	5,420
	Port and Airport Development Tax	14,745,353	340,636,818
	Miscellaneous (Sri Lanka Port Authority)	4,504,554	756,160
	Discharging Expenses	1,920,270	504,723
	Landing Charges	28,215,890	7,888,656
	Stevedoring Charges	201,345,473	61,518,177
	Sampling Charges	1,696,692	1,534,718
	Transport and Handling Charges	329,604,401	50,761,123
	Letter of Credit Charges	732,188	23,545,759
	Bank Charges	3,214,442	55,652,462
	Packing Materials	320,622,534	25,476,225
	Detention Charges	4,541,392	229,641
	Local Agency Commission	1,741,590	4,138,932
	Exchange (Gain) / Loss	(3,856)	(25,458,313)
	Unrealized Exchange Gain/Loss	-	821,850,954
	Subsidy Claimed	(1,687,821,803)	(5,527,116,349)
		(300,854,825)	454,904,491
4.2	Direct Expenses		
	Mixing Charges	30,810	799,821
	Handling Charges	34,704,215	36,922,325
	Labour Charges	9,072,229	5,806,640
	Transport Charges to District Fertilizer Stores	763,314,221	105,104,697
	Fertilizer Stock Adjustments	900,000	(28,765,444)
		808,021,474	119,868,039
5	Other Operating Income		
	Income From Panalty Import/ Local	-	346,550
	Liquidated Damages Income	-	41,875,389
	Circuit Bungalow Income - Polonnaruwa	1,248,155	1,489,545
	Dispatch Income	-	14,381,520
	Overage Premium	-	2,921,042
	Land Compensation	-	32,478,550
	Sales Of Polythene and WPPBags	148,400	333,140
	Non Refundable Tender Deposit Income	934,500	838,500
	Rent Income	-	25,000
	Profit / (Loss) on Disposal of Property ,Plant and Equipment / Scraps	15,750	27,248
	Earnings from Transport	(14,625)	29,250
	Claim against Performance bond	-	490,000
	laboratory Testing Income	166,224	156,708
	Other Income	49,785,096	9,166,597
	Earning From Frams	368,285	25,000
		52,651,785	104,584,039

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

6	Administrative Expenses	2023	2022
	Directors' Remuneration	2,492,393	2,236,067
	Secretary Fees	100,000	130,000
	Salaries - Executive	52,545,335	48,186,498
	Salaries - Non Executive	164,712,547	159,056,380
	Overtime	32,308,942	29,411,280
	Travelling and Subsistence	2,434,538	1,211,534
	Employees' Provident Fund	28,239,973	27,387,911
	Employees' Trust Fund	5,647,995	5,963,616
	Fuel Allowance for Managers	9,038,883	8,725,879
	Tea and Dust Allowance	7,174,963	6,391,397
	Annual Bonus	6,731,667	4,839,300
	Medical Leave Payment	13,272,894	15,399,047
	Employees on Contract Basis	433,000	1,502,218
	Training and Scholarships	300,530	507,300
	Weekend and Other Allowances	1,464,258	885,762
	Employee Compensation	-	5,547
	Medical Expenses	2,412	12,742
	Clothing and Medical Allowance	4,006,295	4,333,432
	Medical Insurance	4,421,658	7,789,823
	Other Allowances	799,817	619,300
	Staff Transport	1,280,749	1,067,998
	Annual Incentive	1,731,256	48,431,198
	Staff Welfare	2,753,360	4,325,731
	Entertainment	582,382	237,284
	Electricity	5,674,769	4,706,082
	Telephone,Fax,E-mail and Internet charges	10,927,082	10,001,240
	Fire Insurance	272,411	573,900
	License and Insurance	388,482	440,157

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

	(Expressed in Sri Lankan Rupees)	
	2023	2022
Cash in Transit and Cash in Safe Insurance	13,432	47,054
Postage	785,556	826,120
Printing and Stationery	6,639,049	4,591,300
Periodicals and Books	103,250	52,060
Office Equipment Maintenance	584,146	628,901
Office Expenses	1,579,771	1,287,626
Vehicle Running Expenses	27,109,350	5,842,163
Vehicle Maintenance	11,923,063	5,955,850
Water Bill	3,079,483	1,746,944
Legal Fees	1,376,841	3,401,191
Security Charges	34,106,773	24,160,134
Lab/Equipment Maintenance	234,375	417,450
Plant , Machinery and Equipment Maintenance	1,770,924	939,232
Building Maintenance	4,728,087	5,379,194
Furniture and Fittings Maintenance	151,488	14,295
Public Notice Charges	2,076,952	3,143,036
Road Development Expenses	-	83,460
Computer and Accessories Maintenance	3,647,779	3,804,933
Rent	1,851,917	2,555,176
Expenses for Temporary Storage	-	700
Charity and Donation	1,070	11,015
Depreciation	40,772,701	41,088,023
Amortization of Intangible Assets	4,582,159	4,582,159
Audit Fees	950,000	950,000
Balance C / F	507,806,754	505,886,637

Figures in brackets indicates deductions.
 Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

	2023	2022
Balance B / F	507,806,754	505,886,637
Non Audit Fees	164,915	90,000
Audit Related Fees	56,875	52,330
Consultancy Fees	229,950	404,073
Work Shop Tools Expenditure	199,384	29,740
Sanitary Facilities	5,407,289	4,785,426
Vehicle Hiring Charges	24,790	1,081,206
Other Equipment Maintenance	160,694	626,607
Provision for Retirement Benefit obligation	19,005,034	3,418,199
Bank Charges	2,159,655	704,401
Insurance Claim	-	773,576
Sports Equipment Maintenance	-	5,650
(Over) / Under Provision of Recurrent Expenses	1,066,112	1,563,747
Circuit Bungalow Expenses	394,474	321,998
Gardening and Landscaping Expenses	7,466,397	7,847,058
Natural Disaster Expenses	32,275	80,000
Laboratory Building Maintenance	-	6,170
Laboratory Expenses	115,398	213,602
Laboratory Equipment Insurance	-	13,857
Other Expences	5,727,180	-
Registration Fees	234,954	5,710,823
	550,252,130	533,615,098
7 Promotional Expenses		
Advertising and Publicity Notices	1,115,789	77,085
Written-off of Bad Debts	7,851,176	-
Sales Commission	25,524	74,400
	8,992,489	151,485
8 Net Finance Income		
Interest Income	624,950,155	180,425,396
Interest on Fixed Deposits and REPO Investments	1,634,058	1,569,619
Interest from Employees Loans	626,584,214	181,995,015
Interest Expenses		
Interest on Overdrafts/Loans	(218,301,976)	(27,911,393)
	(218,301,976)	(27,911,393)
	408,282,237	154,083,622

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

		2023	2022
9	Income Tax Expenses		
	Current Year	9.1	39,262,196
	Under Provision in Previous Years		-
	Deferred Tax Charge	23	(47,102,362)
			(7,840,166)
9.1	Reconciliation between current tax expenses/ (reversal) and the accounting profit/(loss);		
	Accounting Profit / (Loss) Before Taxation		112,960,670
	Non-Business Income		(626,584,214)
	Aggregate of Disallowable Expenses		64,943,346
	Aggregate of Allowable Claims		(32,488,475)
	Tax Adjusted Profit		(481,168,673)
	Income from Other Sources		626,584,214
	Total Statutory Income		145,415,540
	Loss Claimed previous Year		-
	Loss Claimed during the Year		-
	Taxable Income		145,415,540
	Tax Charged at Statutory Tax Rate of 24%		39,262,196
	Current Tax Provision		39,262,196
	Current Tax on Ordinary Activities for the Year		39,262,196
10	Basic Earnings per Share / Dividends per Share	2023	2022
10.1	Basic Earnings Per Share (EPS)		
	Net Profit Attributable to Ordinary Shareholders (Rs.)	120,800,836	81,575,919
	Weighted Average Number of Ordinary Shares in Issue	50,245,608	50,245,608
	Basic Earnings per Share	2.40	1.62
	Basic Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.		
10.2	Dividends Per Share (DPS)	2023	2022
	Dividends Paid / Proposed	18,120,125	12,236,388
	Number of Ordinary Shares	50,245,608	50,245,608
	Dividend per Share	0.36	0.37

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

11 Property, Plant and Equipment				
Cost	01 April 2022	Additions	Disposal	31 March 2023
Land	1,868,965,707	-	-	1,868,965,707
Biological Assets	2,086,200	-	-	2,086,200
Buildings	893,925,818	-	-	893,925,818
Container Office	6,046,500	-	-	6,046,500
Plant and Machinery	21,648,129	127,860	-	21,775,989
Motor Vehicle	49,195,850	-	-	49,195,850
Furniture and Fittings	21,820,998	-	-	21,820,998
Office Equipment	14,946,349	1,136,404	-	16,082,753
Computer Equipment	26,586,544	1,139,710	-	27,726,254
Other	19,472,725	5,591,203	-	25,063,928
Total	2,926,534,130	7,995,177	-	2,934,529,307

Depreciation	01 April 2022	Charge for the Year	Disposal	31 March 2023
Buildings	167,379,999	28,265,820	-	195,645,818
Container Office	1,006,928	944,700	-	1,951,628
Plant and Machinery	14,010,778	2,763,292	-	16,774,070
Motor Vehicle	48,599,438	125,000	-	48,724,438
Furniture and Fittings	20,552,894	1,268,104	-	21,775,989
Office Equipment	11,861,199	1,829,588	-	13,690,787
Computer Equipment	21,845,025	3,998,851	-	25,843,876
Other	8,624,497	1,577,346	-	10,201,843
	293,880,758	40,772,701	-	334,653,459

Written Down Value	2023	2022
Land	1,868,965,707	1,868,965,707
Biological Assets	2,086,200	2,086,200
Buildings	698,279,999	753,157,261
Container Office	4,094,872	2,532,862
Plant and Machinery	5,001,918	8,409,363
Motor Vehicle	471,413	721,413
Furniture and Fittings	1,839,310	4,871,376
Office Equipment	2,391,966	3,811,662
Computer Equipment	1,882,378	9,549,196
Other	14,862,084	11,885,066
	2,599,875,848	2,665,990,105

Land and buildings of some of the district fertilizer stores located at Hingurakgoda, Akuressa, Matale, Kurunagala, Nuweraeliya Kegalle, Madhavachchiya, Kuruvita, Dodangoda, Mathugama, Koggala and Weeravila used for operational activities are not recognized under property, plant and equipment as ownerships or leasing arrangements of such assets are not clear. Currently, the company is in process of making contractual arrangements to transfer the legal title of such assets.

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

12	Capital Work-in-Progress	01 April 2022	Expenditure Incurred	Amount Capitalized	31 March 2023
	Kataragama Bungalow		676,729		676,729
			676,729		676,729

The Board has decided to temporarily suspend the construction of bungalow in Kataragama at the board meeting held on 26 February 2016.

13	Intangible Assets			
	Cost	01 April 2022	Additions (Disposals)	31 March 2023
	Computer Software	22,910,795	-	22,910,795
		22,910,795	-	22,910,795
	Amortization	01 April 2022	Charge for the Year	31 March 2023
	Computer Software	17,932,157	4,582,159	22,514,316
		17,932,157	4,582,159	22,514,316
	Written Down Value	2023		2022
	Computer Software	396,479		9,560,797

14	Inventories	2023	2022
	Direct Fertilizer	334,937,180	152,611,536
	Consumables	15,954,382	11,583,422
	Packing Material	8,369,502	8,557,691
		359,261,064	172,752,649
	Provision for Impairment	(77,767,468)	(77,767,468)
		281,493,596	94,985,181

Figures in brackets indicates deductions.
 Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

15	Trade and Other Receivables		2023	2022
	Trade Receivables	15.1	1,006,771,612	1,530,059,011
	Provision for Impairment		(144,671,108)	(144,671,108)
			922,100,504	1,385,387,903
	Other Receivables	15.2	23,209,514,908	27,068,543,924
			24,131,615,412	28,453,931,827
15.1	Trade Receivables			
	Government Departments		87,518,021	87,348,521
	Debtors on Loan		-	-
	Agrarian Service Centers		923,464,231	1,385,011,522
	Authorized Dealers		12,877,083	12,892,083
	Distributors		42,912,277	44,806,885
			1,066,771,612	1,530,059,011
The ageing of the trade receivables are as follows				
	Up to 3 Months		4,000,204	25,806,580
	3 to 12 Months		-	868,091,405
	More than One (1) Year		977,169,359	549,558,977
	Over Ten (10) Years		86,502,049	86,602,049
			1,067,671,612	1,530,059,011

Trade receivables have been reviewed for impairment. Certain trade receivables are found to be impaired and provision for impairment has been made on the basis as stated in note 2.11.

15.2	Other Receivables			
	General Treasury - Subsidies		23,076,099,544	26,913,536,703
	Road Development Authority		12,600,000	12,600,000
	Others	(Note I)	102,622,481	112,649,404
	Deposits		1,696,611	1,097,611
	Advance and Prepaid Expenses		14,452,844	26,163,097
	Cash Sortage - Stock Officer		2,043,428	55,928
	Unrealized Stock variance		-	2,441,181
			23,209,514,908	27,068,543,924

Note I : During the financial year 2015/16, in the Pothuwil Stores an aggregate amount of Rs. 9,984,313.21/- had been identified as stock shortage and adjustment also incorporated in the financial statements net of recoveries. However, in the internal investigation carried out by the Internal Audit Department, subsequent to the financial year, corresponding to stock movement in the same store, it was evidenced to suspect that certain fraudulent transactions had been occurred even before the financial year 2015 / 16. Consequently, it was identified an aggregated amount of Rs. 7,934,279/- has been subjected to misappropriation of inventories which results stock shortage / loss to the company as of the date of signing of these financial statements. During the year 2017 / 18, the company has taken steps to filed a civil case in the District Court of Gampaha for the total losses incurred to the company and the Government amounting to Rs. 14,796,235/-.

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)		
16	Employees Loans and Advances	
	2023	2022
	Festival Advances	506,250468,750
	Motor Cycle Loans	197,126402,959
	Personal Loans	40,864,40034,598,811
		41,567,77735,470,521

Personal loans are measured at fair value using the interest rate of 4.2% instructed by the Government circular under procurement guidelines para XXIV subsection 3.8 since the company is covered under establishment code, the rate at which the loans have been granted is considered as the market interest rate for employees working at government organizations.

17	Investments in Government Securities	
	2023	2022
	Treasury Bills	958,141,229807,101,718

The investments in treasury bills are the investments made by the company from the additional funds and certain claims and compensation received to the company. Though, the management maintained these investments separately in the books of accounts, none of the investments are considered to be “Planned Assets” for any Retirement Benefits commitments.

The carrying amount of the HTM investments have been measured at amortized cost in compliance with the LKAS 39 using Effective Interest Rate (EIR).

18	Investments in Fixed Deposits	
	2023	2022
	Fixed Deposits	2,925,863,8112,523,866,395

- 18.1
The company has entered into a Private Public Partnership agreement for purchasing of liquid fertilizer with Baylawn (Pvt) Ltd and, as per the agreement a credit facility, amounting to Rs. 112 Mn have been arranged to Baylawn (Pvt) Ltd by pledging a company’s Fixed Deposit No. 00460010010802 / Rs. 240Mn. The outstanding balance of the facility as at 03rd March 2018 was 75.98 Mn.
- 18.2
The carrying amount of the fixed deposits have been measured at amortized cost in compliance with the LKAS 39 using Effective Interest Rate (EIR). Further, these investments are maintaining for short term liquidity requirements of the company rather being held for their maturity, therefore, these investments have been considered as “Loans and Receivables” financial assets in the financial statements.
- 18.3
Fixed deposits No. 17717 & 4087, total amounting to Rs. 228.80 Mn at the reporting date have been pledged against the Overdraft Facility of Rs. 206 Mn.
- 18.4
Fixed deposits No.75984713,76767521,76767537,76767440,81281476,17717and 40807, total amounting to Rs. 1104.1 Mn as at the reporting date have been pledged against the LC Bond Facility

19	Cash and Cash Equivalents	
	2023	2022
	Favorable Balances	
	Cash in Hand	(0)233,664
	Current Accounts	426,002,018134,276,675
	Saving / Call Deposits (Ref: Note 18.4)	73,183,010163,194,626
		499,185,028297,704,965
	Unfavorable Balances	- -
	Bank Balance Overdraft	- -

Figures in brackets indicates deductions.
Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

20	Stated Capital		2023	2022
	Number of Ordinary Shares Issued and Fully Paid		50,245,608	50,245,608
	Ordinary Share Capital Issued and Fully Paid		502,456,080	502,456,080

21	Revaluation Reserve			
	The revaluation reserve relates to the revaluation surplus of property, plant and equipment, once the respective revalued assets have been disposed, portion of revalued surplus is transferred to retained earnings.			

22	Retirement Benefits Obligation	Note	2023	2022
	Balance as at 01 April		73,914,153	79,731,435
	Expenses Recognized in Profit or Loss	22.1	19,005,034	
	Payments Made During the Year		(13,050,418)	(9,235,432)
	Acturial Gain Losson obligation		-	
	Balance as at 31 March		79,868,769	73,914,153

22.1	Expense Recognized in Comprehensive Income			
	Current Service Cost		3,311,169	3,311,169
	Interest Charge for the Year		7,973,144	7,973,144
			11,284,313	11,284,313

22.2	These assumptions developed by independent actuarial consultant are based on the management’s best estimates of variables used to measure the retirement benefits obligation.			
	The principal assumptions used are as follows.			
	Discount Rate [%]		8.5	10.5
	Future Salary Increases [Rs.] - Executive		Fixed Rate 1.5%	1,150
	Future Salary Increases [Rs.] - Other			240
	Staff Turnover Factor [%]		0 - 2	1 - 2
	Retirement Age [Yrs]		60	60
	Actuarial Gain / Loss does not arise as the company has not done an actuarial valuation of the gratuity liabilities for the previous year.			
	In addition to the above, demographic assumptions such as mortality, withdrawal and disability are considered for the actuarial valuation. The 2007 mortality table issued by the London Institute of Actuaries (A 1967/70 mortality table) has also been used in the valuation.			
	The sensitivity of the present value of retirement benefits obligation (gratuity provision at the reporting date) to changes in the weighted principle assumptions by 1% are:			

The Principle Assumptions	Sensitivity [%]		Gratuity Liability Change	
	Increase in 1%	Decrease 1%	Increase in 1%	Decrease 1%
Salary Escalation Rate [%]	5.97	(5.72)	84,638,098	75,296,789
Discount Rate [%]	(6.54)	6.96	74,646,294	85,429,294

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

23	Deferred Taxation	Note	2023	2022
	Balance as at 01 April		100,894,788	139,082,220
	(Originated) / Reverse for the Year Recognised in Profit or Loss		(47,102,362)	(37,246,367)
	Deferred Tax Expenses Recognised in OCI for Revaluation Surpluses		61,471,108	(941,065)
	Balance as at 31 March	23.1	115,263,533	100,894,788

23.1 The Analysis of Deferred Tax Assets and Liabilities

Deferred Tax Liability

From Accelerating Depreciation	140,667,706	168,202,520
From Revaluation Surpluses	65,288,031	3,816,923

205,955,737 172,019,443

Deferred Tax Assets

From Retirement Benefits Obligation	(23,960,631)	(17,739,397)
Deferred Tax Assets Arising accounting provisions	(66,731,573)	(53,385,258)

(90,692,203) (71,124,655)

115,263,533 100,894,788

"The deferred tax liability on revaluation gain for non-depreciable assets (Land use for administrative purposes) should represent the current obligation to pay taxes in the future when the asset is sold. However, since there is no present obligation to sell the land, there is no present obligation to pay taxes. Therefore, no deferred tax liability recognised for the revalued lands."

24	Trade and Other Payables		2023	2022
	Trade Payables		391,837,919	2,599,799,320
	Other Payables	24.1	1,768,941,802	188,938,791
	Payable to Organic Supplier (Government Funded)		155,198,022	214,802,469
			2,315,977,743	2,963,540,581

24.1 Other Payables

Sundry Creditors	527,600,272	173,051,227
Retention Money	1,322,946	478,633
General Treasury	1,238,049,720	14,962,309
VAT/PAYE	(350,437)	(141,239)
Others	2,302,408	570,968
Payable to SLPA	16,892	16,892

1,768,941,802 188,938,791

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

25	Interest Bearing Borrowings Short Term	Note	2023	2022
	People's Bank		25,320,083,767	19,657,929,071
	Balance as at 01 April		13,574,325,625	8,391,084,309
	Obtained During the Year		-16,378,465,226	(2,828,929,633)
	Paid During the Year		22,415,944,146	25,220,083,747
	Balance as at 31 March		22,425,944,146	100,894,788
	Non-current Portion		22,206,902,897	13,451,229,712
	Current Portion		209,041,249	11,768,854,035
			22,415,944,146	25,220,083,747

These loans are arranged by the treasury and may be settled during the next year as fund are available.

26	Deposits and Advances Received	2023	2022
	Refundable Performance Bond	3,874,499	3,874,499
	Staff Security Deposits	3,948,377	3,959,993
	Refundable Deposits	3,798,700	3,292,950
	Receipt in Advance	5,602,753	6,056,227
	Deferred Internet Incomes	2,513,770	-
	Saturday Salary Deduction	(0)	19,166
	Excess on Sales	747,254	746,679
		20,485,353	17,949,514

27	Income Tax Payables	2023	2022
	Balance as at 01 April	21,019,056	4,345,255
	Payments Made for Previous Year		(4,345,255)
	Provision for the Current Year	39,262,196	21,019,056
	Self Assessment Payment made During the year	-	-
	Withholding Tax (WHT) and notional tax Recoverable	(13,183,828)	-
	Balance as at 31 March	47,097,424	21,019,056

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

28	Accrued Expenses and Provisions	2023	2022
	Accrued Expenses	24,766,778	63,741,302
		24,766,778	63,741,302

29 Capital and Other Commitments

No capital commitments were engaged during the year and outstanding as of the reporting date.

30 Events Occurring after Reporting Period

There were no events occurred, which required adjustments or disclosure in these financial statements between the 31 March reporting date and the date of authorization.

31 Contingent liabilities

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. Unless recognized as a provision (Note 29), management considers these claims to be unjustified and possibility of an outflow of resources for their settlement is remote. This evaluation is consistent with legal advices of the company's legal division. Accordingly, no provision has been made for such legal claims.

However, a court case is pending as at the reporting date filed against the company by D.S.S Construction in relation to the construction bill outstanding net of tenders deposit recovered amounting to Rs. 7,243,400/- for the Road Construction carried out in the Head Office premise. Since, the legal proceeding is in the preliminary stage provision for legal claims or the losses could not be ascertained and no adjustments relating to the transactions have been recognized in the financial statements.

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

32 Related Party Disclosures

The Company's related parties includes Government of Sri Lanka, State-Owned Enterprises, Other Related Entities and key management personnel.

Transactions with Key Management Personnel

According to the Sri Lanka Accounting Standards LKAS.24 "Related Party disclosures" Key Management Personnel are those having responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors and the General Manager have been classified as Key Management Personnel.

Transactions with Key Management Personnel are given below.	2023	2022
Remuneration and Other Short - Term Employee Benefits	2,325,374	2,325,374

Related Party Transactions

Details of significant related party transactions that company carries out are as follows:

Name of the Related Party	Nature of Transactions	Transaction Value (Rs.)	Balance (Due to)/ Due from
Government of Sri Lanka	Capital Grants		
	Subsidies Received out of the claims made amounts to	1,687,821,803	
	Sales of Goods	536,112,271	
	Recoveries of Trade Receivables	5,088,400	
State-Owned Enterprises	Short-term Loans borrowed	13,574,325,625	
	Settlements of Loans	(16,378,465,226)	
	Investments In Treasury Bills and Repo's		
	Proceeds from Maturity of Investment		
	Interest Received		
	Investments In Fixed Deposits		
	Investment during the year	624,950,155.30	
	Interest Received	-	
	Call Deposits and Saving Deposits	194,759,402,19	
	Current Accounts	499,185,028.39	
	Current Accounts - Overdraft	-	
Other Government Related Entities	Recoveries of Trade Receivables	68,805,790,00	

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

(Expressed in Sri Lankan Rupees)

33	Financial Instruments and Risk Management	2023	2022
	The accounting classification of each category of financial instruments and their carrying amounts reported in the statement of financial position are stated below.		
	The Carrying Values of Financial Assets and Liabilities.		
	The carrying amount of the financial assets and liabilities reported in the statement of financial position are as follows,		
	FINANCIAL ASSETS		
	Financial Assets at Amortized Costs		
	Treasury Bills	958,141,229	807,101,718
	Investments are stated at amortized cost using the effective interest method		
	Trade and Other Receivables	24,276,286,520	28,598,602,935
	Employees Loans and Advances	41,567,777	35,470,521
	Investments in Government Securities	958,141,229	807,101,718
	Investments in Fixed Deposits	2,925,863,811	2,523,866,395
	Cash and Cash Equivalents	499,185,028	297,704,965
	Financial assets at amortized cost are stated at amortized cost using the effective interest method		
	TOTAL FINANCIAL ASSETS	28,701,044,365	32,262,746,534
	FINANCIAL LIABILITIES		
	Financial Liabilities measured at Amortized Costs		
	Interest Bearing Borrowings	22,415,944,146	25,220,083,747
	Trade and Other Payables	2,315,977,743	2,963,540,581
	Deposits and Advances Received	20,485,353	17,949,514
	Bank Overdrafts	-	-
	Total Financial Liabilities	24,752,407,243	28,201,573,841
	The financial liabilities are stated at amortized cost using the effective interest method.		

Risk Management

A. Financial Risk Factors

The company has exposure to the following risks from its use of financial instruments.

01. Credit Risk
02. Liquidity Risk
03. Market Risk (Currency Risk and Interest Rate Risk)

The financial instruments of the company comprise of investments in term deposits and government securities, bank deposits, and short-term bank borrowings. The company also has trade receivables and payables and subsidy receivables arising from its core business

activities. The main purpose of investment in short-term deposits and short-term borrowings are to raise and maintain liquidity for the operations.

01. Credit Risk

Credit risk is the risk of financial loss to the company if counterparty fails to meet its contractual obligations. Credit risk arises principally from deposits held with banks and financial institutions, cash and cash equivalents (excluding cash in hand), receivables from customers and subsidy receivables from the Treasury.

The maximum risk exposures of financial assets that are subject to credit risk are equal to their carrying amounts.

Notes to the Financial Statements

For the Year Ended 31st March 2023

Following table depicts the maximum risk exposure of financial assets reported at the reporting date.

Risk Exposure to Financial Assets	2023	2022
Cash and Cash Equivalents	499,185,028	297,471,301
Investments in Government Securities	958,141,229	807,101,718
Investments in Government Securities	2,925,863,811	2,523,866,395
Trade and Other Receivables	24,131,615,412	28,453,931,827

Trade and Other Receivables

The company trades mainly with agrarian service centers, government institutions and authorized dealers. The management assesses the credit quality of authorized dealers based on the past experience and other factors such as financial guarantees from them. In addition, outstanding balances are monitored on an ongoing basis by the management and the Board. The age analysis of the company's trade receivables is given in Note 15.

The company establishes policy for provision for impairment (Refer note 2.7 to the financial statements) that represents the estimate of incurred losses in respect of trade receivables. According to the impairment policy established, customers are reviewed individually to measure the impairment loss. Please refer note 15 to the financial statements relating to trade receivables and details of provision for impairment losses.

Subsidy Receivables

The receivables represent fertilizer subsidies to be received from the Treasury to compensate for import costs already incurred. The subsidy receivable is expected to recover within a period of 180-270 days. The

company's exposure to credit risk arises from default in meeting contractual obligation of the Treasury, with a maximum exposure equal to the carrying amount of the receivables.

Other Financial Assets

Credit risk arising from other financial assets of the company comprises deposits held with banks and financial institutions, cash and cash equivalents. The company's exposure to credit risk arises from default in meeting contractual obligation of contractual parties, with a maximum exposure equal to the carrying amount of these financial instruments. The company manages its credit risks with regard to these financial instruments by mainly placing its fund with state financial institutions and other government institutions.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and unexpected conditions, without incurring unacceptable losses.

Company monitor financial assets and liabilities and prepares variance report quarterly by comparing with the annual budget. The management monitors the daily bank balances and liquidity requirements to ensure that the company has sufficient cash to meet operational needs.

The following table depicts the company's financial assets and liabilities maturity analysis as at 31 March 2021 based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in brackets indicates deductions.
Notes to the Financial Statements Continue

Notes to the Financial Statements

For the Year Ended 31st March 2023

Financial Assets and Liabilities	Carrying Amount (Rs.)	6 Month or Less	6 - 12 Months	More than 1 Years
Financial Assets				
Investments in Government Securities	958,141,229	-	958,141,229	-
Investments in	2,925,863,811	2,595,318,881	330,544,930	-
Cash and Cash Equivalents	499,185,028	499,185,028	-	-
Trade and Other Receivables	24,131,615,412	24,131,615,412	-	-
Employees Loans and Advances	41,567,777	41,567,777	-	-
Total Undiscounted Financial Assets	28,556,373,257	27,267,687,098	1,288,686,159	-
Financial Liabilities				
Interest Bearing Borrowings	22,415,944,146		209,041,249	22,206,902,897
Trade and Other Payables	2,315,977,743	5,636,893,295	3,906,516,96	
Deposits and Advances Received	20,485,353	20,485,353	-	-
Bank Overdrafts	-	-	-	-
Total Undiscounted Financial Liabilities	24,752,407,243	5,657,378,648	212,947,766	22,206,902,897
Net Undiscounted Financial Assets / (Liabilities)	3,803,966,015	21,610,308,450	1,075,738,393	(22,206,902,897)

Figures in brackets indicates deductions.

03. Market Risk (Currency Risk and Interest Rate Risk)

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the company's income or the carrying value of holdings of financial instruments.

Currency Risk

The company's exposure to currency risk arising from fluctuations in the value of US Dollar (USD) against the Sri Lankan Rupee after Central Bank of Sri Lanka allowed the Sri Lanka Rupees to freely float against USD during the reporting period. The company's functional currency in respect of imports fertilizers is USD however settlements of imports are made through rupee accounts. revenue is USD in which most of the transactions are denominated. Certain bank balances are denominated in USD.

The company has reported foreign exchange losses included in the operating results for the reporting period 2022 is Rs.373,856,996/-.

Interest Rate Risk

"The company's exposure to interest risk is the changes in market interest rates relate to the interest bearing borrowings with a fixed interest rate Rs 21,077,869/- of the company's interest bearing loans and borrowings carried interest at fixed rates. The company has bank balances including term deposits placed with state banks. The company monitors interest rate risk by actively monitoring interest rate movements. However, interest are paid by Government's treasury."

Figures in brackets indicates deductions.

Notes to the Financial Statements Continue



FORM OF PROXY
CEYLON FERTILIZER COMPANY LIMITED.

I/We..... being a shareholder of
the above named Company here by appoint
Mr./Mrs..... of failing him/her,
Mr./Mrs..... as my/*our
Proxy to represent me/*us and to vote as indicated below on my/*our behalf at the Annual
General Meeting of the Company to be held on At
..... and at any adjournment thereof and at every
poll which may be taken in consequence of the aforesaid meeting.

	FOR	AGAINST
01. To receive and consider the Annual Report (2023) of the Board Directors on the affair of the Company	<input type="checkbox"/>	<input type="checkbox"/>
02. To receive and consider the statement Audited Accounts of the company for the financial year ended 31st March 2023 together with the Repot of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
03. To declare dividend out of the profits for the year ended 31st March 2023	<input type="checkbox"/>	<input type="checkbox"/>
04. To appoint/ approve Auditors for the year 2023/24	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of 20.....

.....
Signature of Shareholder

