

**ASSOCIATED BATTERY MANUFACTURERS
(CEYLON) LIMITED**

**FINANCIAL STATEMENTS
31 MARCH 2023**

ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

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ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

FINANCIAL STATEMENTS - 31 MARCH 2023

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Independent auditor's report

To the Shareholders of Associated Battery Manufacturers (Ceylon) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Associated Battery Manufacturers (Ceylon) Limited ("the Company") as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities ("SLFRS for SMEs").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics.

Other information

Management is responsible for the other information. The other information comprises the annual report of the board (but does not include the financial statements and our auditor's report thereon). The annual report of the board is expected to be made available to us after the date of this auditor's report.

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

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Independent auditor's report

To the Shareholders of Associated Battery Manufacturers (Ceylon) Limited (Contd)

Report on the audit of the financial statements (Contd)

Other information (Contd)

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

When we read the annual report of the board, if we conclude that there is a material misstatement thereon, we are required to communicate the matter to those charged with governance.

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 SLFRS for SMEs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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



Independent auditor's report

To the Shareholders of Associated Battery Manufacturers (Ceylon) Limited (Contd)

Report on the audit of the financial statements (Contd)

Auditor's responsibilities for the audit of the financial statements (Contd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

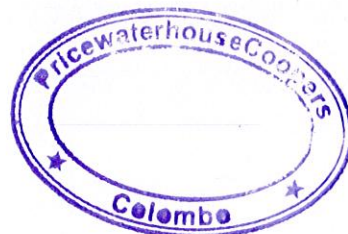
Report on other legal and regulatory requirements

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

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

COLOMBO

11 April 2023



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Statement of financial position

(all amounts in Sri Lankan Rupees)

	Note	As at 31 March	
		2023	2022
Assets			
Non-current assets			
Property, plant and equipment	4	590,295,801	650,533,720
Intangible assets	5	871,587	1,390,226
Loans to company employees	7	2,932,981	3,223,582
Total non-current assets		594,100,369	655,147,528
Current assets			
Inventories	6	2,207,273,980	1,220,985,122
Trade and other receivables	7	2,837,048,437	1,477,147,648
Income tax receivable		Nil	20,803,800
Cash and cash equivalents	20	16,568,277	49,973,219
Total current assets		5,060,890,694	2,768,909,789
Total assets		5,654,991,063	3,424,057,317
Equity and liabilities			
Equity			
Stated capital	8	63,360,000	63,360,000
Reserves	9	Nil	82,799,732
Retained earnings/(accumulated losses)		482,929,666	(100,949,311)
Total equity		546,289,666	45,210,421
Non-current liabilities			
Retirement benefit obligations	12	60,720,474	42,607,461
Interest bearing loans and borrowings	10	846,050,905	1,028,754,099
Warranty provisions	14	41,721,457	33,720,928
Total non-current liabilities		948,492,836	1,105,082,488
Current liabilities			
Trade and other payables	13	1,750,446,297	1,253,609,844
Interest bearing loans and borrowings	10	2,125,468,789	931,246,954
Income tax payable		62,007,069	Nil
Warranty provisions	14	222,286,406	88,907,610
Total current liabilities		4,160,208,561	2,273,764,408
Total liabilities		5,108,701,397	3,378,846,896
Total equity and liabilities		5,654,991,063	3,424,057,317

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by the Board of Directors on 11 April 2023.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.

} Directors

Pages 8 to 24 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3

Chief Financial Officer



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Statement of profit or loss

(all amounts in Sri Lankan Rupees)

	Note	Year ended 31 March	
		2023	2022
Revenue	3	8,785,023,516	5,424,363,620
Cost of Sales		(7,473,573,142)	(5,097,896,389)
Gross profit		1,311,450,374	326,467,231
Other income	15	38,084,263	37,459,137
Administrative expenses		(199,073,589)	(179,486,313)
Other losses - net	16	(151,621,630)	(227,168,030)
Finance income	17.1	6,103,999	2,658,714
Finance costs	17.2	(388,788,183)	(202,293,409)
Finance costs (net)		(382,684,184)	(199,634,694)
Profit / (loss) before taxation	18	616,155,234	(242,362,669)
Income tax (expense) / reversal	11	(115,075,989)	15,199,525
Profit / (loss) for the year		501,079,245	(227,163,144)

The notes on pages 8 to 24 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Statement of changes in equity

(all amounts in Sri Lankan Rupees)

	Stated capital	Revenue reserve	Retained earnings/ (Accumulated losses)	Total
Balance as at 1 April 2021	63,360,000	82,799,732	126,213,833	272,373,565
Net loss for the year	Nil	Nil	(227,163,144)	(227,163,144)
Balance as at 31 March 2022	63,360,000	82,799,732	(100,949,311)	45,210,421
Transfer of the revenue reserve to retained earning	Nil	(82,799,732)	82,799,732	Nil
Net profit for the year	Nil	Nil	501,079,245	501,079,245
Balance as at 31 March 2023	63,360,000	Nil	482,929,666	546,289,666

The notes on pages 8 to 24 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Statement of cash flows

(all amounts in Sri Lankan Rupees)

	Note	Year ended 31 March	
		2023	2022
Cash flows from operating activities			
Profit/(loss) before taxation		616,155,234	(242,362,669)
Adjustments for:			
Depreciation on property, plant and equipment	4.2	96,605,220	101,678,340
Amortization of intangible assets	5.2	518,638	1,799,971
Income from investments	17.1	(6,103,999)	(2,658,714)
Provision for obsolete and slow moving stocks		113,644,073	3,839,619
Reversal of impairment of trade receivables		(332,424)	(3,699,062)
Finance costs	17.2	388,788,183	202,293,409
Warranties accepted during the year	14	453,499,073	131,919,695
Provision for defined benefit plans	12	20,618,596	975,959
Operating cash flows before working capital changes		1,683,392,594	193,786,546
Increase in inventories		(1,099,932,932)	(351,237,713)
Increase in trade and other receivables		(1,359,277,764)	(243,440,785)
Increase in trade and other payables		215,138,402	145,161,319
Cash used in operations		(560,679,700)	(255,730,633)
Defined benefit plan costs paid	12	(2,505,583)	(1,287,461)
Income taxes paid		(32,265,120)	Nil
Net cash used in operations		(595,450,403)	(257,018,094)
Cash flows from investing activities			
Acquisition of property, plant and equipment	4.1	(36,367,301)	(132,578,536)
Acquisition of intangible assets	5.1	Nil	(837,984)
Interest received		6,103,999	2,658,714
Net cash outflow from investing activities		(30,263,302)	(130,757,806)
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings		2,575,184,668	1,653,582,398
Repayment of interest bearing loans and borrowings		(1,721,748,151)	(1,041,515,052)
Finance cost paid		(388,788,183)	(202,293,409)
Net cash inflow from financing activities		464,648,334	409,773,937
Net increase in cash and cash equivalents during the year		(161,065,371)	21,998,037
Cash and cash equivalents at the beginning of the year		(424,886)	(22,422,923)
Cash and cash equivalents at the end of the year	20	(161,490,257)	(424,886)

The notes on pages 8 to 24 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

1 Corporate information

1.1 General

Associated Battery Manufacturers (Ceylon) Limited ("Company") is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 481, T. B. Jayah Mawatha, Colombo 10, and the principal place of business is situated at 31, Katukurunduwatte Road, Off Attidiya Road, Ratmalana.

1.2 Principal activities and nature of operations

The principal activities of the Company are manufacturing of lead acid automotive and motorcycle batteries.

1.3 Parent enterprise and ultimate parent enterprise

The Company's parent undertaking is Exide Industries Ltd. – India, it is also the company's ultimate parent undertaking and controlling party.

1.4 Date of authorization for issue

The financial statements of the Company as at 31 March 2023 were authorized for issue by the Board of Directors on 11 April 2023.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1.1 Basis of preparation

The Financial Statements which comprise the Statement of Financial Position as at 31 March 2023, and the Statement of Profit or Loss, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and Other Explanatory Notes, have been prepared on a historical cost basis and are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

The preparation and presentation of these Financial Statements are in compliance with Companies Act No. 07 of 2007.

2.1.2 Statement of compliance

The statement of financial position, statement of profit or loss, changes in equity and cash flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31 March 2023 and for the year then ended, comply in all material respects with the applicable Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

2.1.3 Comparative information

The accounting policies have been consistently applied by the Company during the year under review with those used in the previous year.

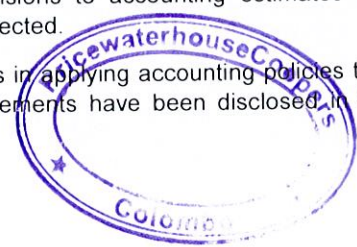
2.2 Use of estimates and judgments

The preparation of Financial Statements of the Company in conformity with SLFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements have been disclosed in the respective notes to the financial statements.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. 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 recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'.

2.3.2 Taxation

Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of statement of financial position.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Deferred taxation

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

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

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

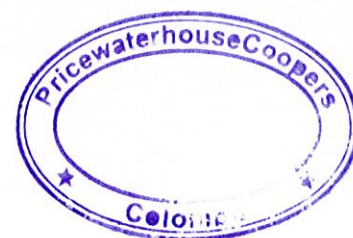
The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the statement of financial position.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

2.3.3 Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

2.3.4 Inventories

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

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

Raw Materials	- At weighted average cost
Work-in-progress	- At standard cost
Finished Goods	- At standard cost
Consumables and Spares	- At weighted average cost
Goods in Transit	- At actual cost

Provision for slow moving inventory

A provision for slow moving inventories is recognized based on the best estimates available to management on their future usability. As Management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these financial statements.

2.3.5 Trade and receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.3.6 Cash and cash equivalents

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

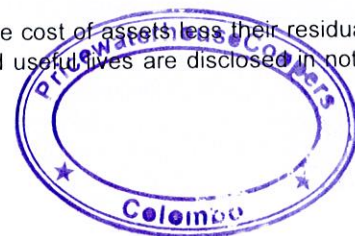
For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, plant and equipment

Property, plant and equipment is recognised initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are disclosed in note 4.4.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

2.3.7 Property, plant and equipment (Contd)

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

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

2.3.8 Intangible assets

All software licensed for use by the Company, not constituting an integral part of related hardware are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and impairment loss.

The cost of intangible assets is amortized using the straight-line basis at a rate of 20% per annum (over 5 years) commencing from the acquisition date. The amortization cost is recognized as an expense.

2.3.9 Impairment of non financial assets other than inventories

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

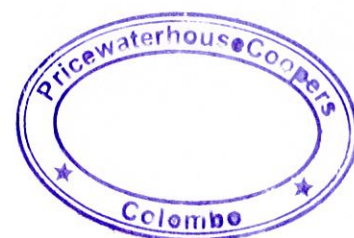
For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

2.3.10 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

2.3.12 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every financial year using Projected Unit Cost Method.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

The liability is not funded.

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

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

2.3.13 Warranty Provision

All batteries sold are returnable for any manufacturing defects within 12 to 30 months depending on the battery type from the date of sale by the distributors.

Provision for manufacturing defects related warranty cost is based on the claims received up to the year end as well as the management estimate of the fair value of the future liabilities to be incurred during the period of warranty completion, on the basis of the past trends of such claims.

2.3.14 Stated capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.3.15 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, and discounts.

The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

a) Sale of Goods

Revenue from sale of goods is recognized when the goods have been delivered to the distributor. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

b) Interest

Interest Income is recognized as the interest accrues unless collectability is in doubt.

c) Others

Other income is recognized on an accrual basis.

2.3.16 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

3 Revenue

	2023	2022
Sale of goods	8,785,023,516	5,424,363,620

Revenue mainly consists of local sales.

4 Property, plant and equipment

4.1 Gross carrying amounts

	Balance as at 1 April 2022	Additions	Transfers	Balance as at 31 March 2023
At Cost				
Land	59,475,299	Nil	Nil	59,475,299
Buildings	135,246,317	Nil	Nil	135,246,317
Plant and machinery	1,258,046,654	24,144,116	4,264,132	1,286,454,902
Motor vehicles	201,990	Nil	Nil	201,990
Tools & moulds	60,843,171	1,629	Nil	60,844,800
Computer & electronic appliance	8,765,599	1,897,298	Nil	10,662,897
Furniture and fittings	50,783,184	6,382,539	Nil	57,165,723
Total value of depreciable assets	1,573,362,215	32,425,582	4,264,132	1,610,051,928
In the course of construction				
Capital work in progress	5,142,245	3,941,720	(4,101,571)	4,982,394
Total gross carrying amount	1,578,504,460	36,367,301	162,561	1,615,034,322

4.2 Depreciation and impairment

	Balance as at 1 April 2022	Charge for the year/ transfers	Impairment	Disposals/ transfers	Balance as at 31 March 2023
Buildings	41,737,350	4,142,919	Nil	Nil	45,880,269
Plant and machinery	796,840,039	83,649,323	Nil	162,561	880,651,923
Motor vehicles	201,990	Nil	Nil	Nil	201,990
Tools & moulds	39,480,933	4,186,378	Nil	Nil	43,667,311
Computer & electronic appliance	4,729,728	1,665,954	Nil	Nil	6,395,682
Furniture and fittings	44,980,700	2,960,646	Nil	Nil	47,941,346
Total Depreciation	927,970,740	96,605,220	Nil	162,561	1,024,738,521

4.3 Net Book Values

	2023	2022
Land	59,475,299	59,475,299
Buildings	89,366,048	93,508,967
Plant and machinery	405,802,979	461,206,615
Motor vehicles	Nil	Nil
Tools and moulds	17,177,489	21,362,238
Computer and electronic appliance	4,267,215	4,035,871
Furniture and fittings	9,224,377	5,802,485
	585,313,407	645,391,475
In the course of construction		
Capital work in progress	4,982,394	5,142,245
Total carrying amount of property, plant and equipment	590,295,801	650,533,720

The bank borrowings are secured on property, plant and equipment as disclosed in note 24.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

4. Property, plant and equipment (Contd)

4.4 The useful lives of the assets are estimated as follows.

	2023	2022
Buildings on freehold land	30 Years	30 Years
Plant & machinery	10 Years	10 Years
Motor vehicles	4 Years	4 Years
Tools & mould	10 Years	10 Years
Computer & electronic appliance	4 Years	4 Years
Furniture and fittings	5 Years	5 Years

4.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 595,413,462 (2022 - Rs. 526,459,674).

5 Intangible assets

5.1 Gross carrying amounts

	Balance as at 31 March 2022	Additions/ Transfers	Balance As at 31 March 2023
At cost			
Computer software	12,021,019	Nil	12,021,019
	<u>12,021,019</u>	<u>Nil</u>	<u>12,021,019</u>

5.2 Amortization and impairment

	Balance as at 31 March 2022	Amortisation	Balance as at 31 March 2023
Computer software	10,630,794	518,638	11,149,432
	<u>10,630,794</u>	<u>518,638</u>	<u>11,149,432</u>

5.3 Net book values

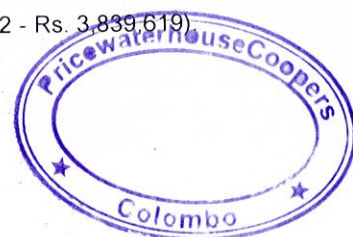
	2023	2022
Computer software	871,587	1,390,226
	<u>871,587</u>	<u>1,390,226</u>

5.4 The useful lives of the intangible assets are estimated to be 5 years.

6 Inventories

	2023	2022
Raw materials	1,403,579,624	595,799,278
Work in progress	714,124,658	435,872,600
Finished goods	160,278,996	171,800,543
Consumables and spares	90,686,835	52,507,094
Goods in transit	19,507,463	32,265,129
	<u>2,388,177,576</u>	<u>1,288,244,644</u>
Provision for obsolete and slow moving stocks	(180,903,596)	(67,259,522)
	<u>2,207,273,980</u>	<u>1,220,985,122</u>

Inventory provision recognised during the period amounted to Rs. 113,644,074 (2022 - Rs. 3,839,619).



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

7 Trade and other receivables

	Current	Non-Current	Total	Current	Non-Current	Total
		31 March			31 March	
	2023	2023	2023	2022	2022	2022
Trade Debtors - related parties (7.1)	2,236,377,073	Nil	2,236,377,073	1,188,751,936	Nil	1,188,751,936
- other	75,031,868	Nil	75,031,868	33,109,023	Nil	33,109,023
	2,311,408,941	Nil	2,311,408,941	1,221,860,959	Nil	1,221,860,959
Provision for doubtful debts	(15,613,678)	Nil	(15,613,678)	(15,946,103)	Nil	(15,946,103)
	2,295,795,263	Nil	2,295,795,263	1,205,914,856	Nil	1,205,914,856
Other Debtors - related parties (7.2)	7,497,629	Nil	7,497,629	11,094,029	Nil	11,094,029
Prepaid Expenses	13,940,184	Nil	13,940,184	16,182,208	Nil	16,182,208
Advance Payments	508,031,808	Nil	508,031,808	50,873,416	Nil	50,873,416
Refundable Deposits	2,174,364	Nil	2,174,364	182,927,412	Nil	182,927,412
Other Receivables	4,466,148	Nil	4,466,148	3,779,479	Nil	3,779,479
Loans to company employees	5,143,041	2,932,981	8,076,022	6,376,248	3,223,582	9,599,830
Prepaid staff cost	Nil	Nil	Nil	Nil	Nil	Nil
	2,837,048,437	2,932,981	2,839,981,418	1,477,147,648	3,223,582	1,480,371,230

7.1 Trade debtors - related parties

	Relationship	2023	2022
Browns & Company PLC	Significant investor	1,784,717,363	910,622,193
Klevenberg (Private) Limited	Other related party	438,491,029	278,129,743
Exide Industries Ltd	Parent Company	13,168,681	Nil
		2,236,377,073	1,188,751,936

7.2 Other debtors - related parties

	Relationship	2023	2022
Browns & Company PLC	Significant investor	2,385,541	2,385,541
Browns Thermal Engineering (Private) Limited	Other related party	5,112,088	8,708,488
		7,497,629	11,094,029

8 Stated capital

	2023		2022	
	Number	Rs.	Number	Rs.
Fully paid ordinary shares	6,336,000	63,360,000	6,336,000	63,360,000
	6,336,000	63,360,000	6,336,000	63,360,000

9 Reserves

	2023	2022
Revenue reserves	Nil	82,799,732
	Nil	82,799,732

The above revenue reserve was wholly transferred to retained earnings during the year ended 31 March 2023.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

10 Interest bearing loans and borrowings

	Current 31 March 2023	Non Current 2023	Total 31 March 2023	Current 31 March 2022	Non Current 2022	Total 31 March 2022
Bank loans	1,947,410,256	846,050,905	2,793,461,161	880,848,849	1,028,754,099	1,909,602,948
Bank overdrafts	178,058,534	Nil	178,058,534	50,398,105	Nil	50,398,105
	2,125,468,789	846,050,905	2,971,519,694	931,246,954	1,028,754,099	1,960,001,053

Bank Loans	Lender	As at 1 April 2022	Loans obtained	Repayment	Translation loss	As at 31 March 2023
Term Loan	HSBC	161,956,059	Nil	(148,445,101)	30,421,696	43,932,654
Import Loan	HSBC	Nil	457,932,082	(280,219,542)	Nil	177,712,540
Term Loan	DFCC Bank PLC	1,197,629,343	Nil	(137,404,507)	Nil	1,060,224,836
Import Loan	DFCC Bank PLC	359,364,000	852,214,529	(608,403,129)	Nil	603,175,400
Import Loan	HNB	190,653,546	1,265,038,057	(547,275,872)	Nil	908,415,731
		1,909,602,948	2,575,184,668	(1,721,748,151)	30,421,696	2,793,461,161

Term Loans

Security

Securities are disclosed in Note 24.

Lender

		Repayment terms	Interest as per offer letter
The Hongkong and Shanghai Banking Corporation Limited	Dollar Loan	Payable within 36 months	1 Month LIBOR + 3% per annum till 06 March 2023 1 Month SOFR + 3.0124% per annum from 07

The applicable interest rate has changed to SOFR from LIBOR with the cessation of LIBOR publication.

DFCC Bank PLC	Rupee Loan	Payable within 84 months	3 years - 8.5% p.a. AWPR + 1.25% thereof
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11 Income tax

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

Income Statement	2023	2022
Current income tax charge	115,075,989	Nil
Deferred tax	Nil	(15,199,526)
Income tax expense / (reversal) reported in the Income Statement	115,075,989	(15,199,526)

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

	2023	2022
Accounting profit/ (loss) before Income Tax	616,155,234	(242,362,670)
Aggregate disallowable items	834,897,007	293,801,471
Aggregate allowable items	(497,360,974)	(344,676,655)
Brought forward tax losses claimed	(474,207,978)	Nil
Taxable profit/ (loss)	479,483,289	(293,237,853)
Income tax at 18%	43,153,496	Nil
Income tax at 30%	71,922,493	Nil
Current income tax charge reported in the income statement	115,075,989	Nil



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

11 Income tax (Contd)

Income tax provision for the year of assessment 2022/23 has not considered any impact that may arise from restated financial statements for the year of assessment 2017/18 and 2018/19 as the Company is in the process of hearing the matter with the Inland Revenue Department.

11.2 Deferred tax assets and liabilities

	Statement of financial position 31 March		Income statement 31 March	
	2023	2022	2023	2022
Deferred tax liability				
Property, plant and equipment	101,304,842	58,566,486	42,738,356	(29,020,003)
	101,304,842	58,566,486	42,738,356	(29,020,003)
Deferred tax assets				
Retirement benefit obligations	(18,216,142)	(7,669,343)	(10,546,799)	4,347,967
Warranty provisions	(79,202,359)	(22,073,137)	(57,129,222)	(2,359,739)
Provision for bad and doubtful debts	(3,886,341)	(2,870,299)	(1,016,043)	2,630,348
Provision for obsolete and slow moving stocks	Nil	(12,106,714)	12,106,714	5,650,859
Tax losses carried forward	Nil	(13,846,994)	13,846,994	3,551,043
	(101,304,842)	(58,566,486)	(42,738,356)	13,820,478
Deferred income tax reversal			Nil	(15,199,525)
Net Deferred Tax Liability	Nil	Nil		

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

Deferred tax assets have not been recognized in respect of the provision for obsolete and slow moving stock amounted to Rs 54,271,079 and provision for bad and doubtful debts 797,762 as at 31st March 2023, since it is not probable that future tax profits will be available against which the Company can utilize the benefits therefrom.

12 Retirement benefit liability

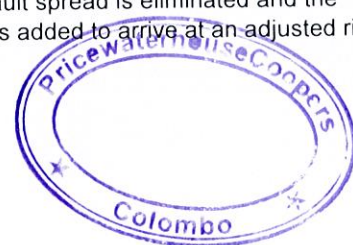
	2023	2022
Balance at the beginning of the period	42,607,461	42,918,963
Provision made during the period	6,089,436	961,448
Loss arising from changes in assumptions used	14,529,160	14,511
Payments during the period	(2,505,583)	(1,287,461)
Balance at the end of the period	60,720,474	42,607,461

The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	14.00%	12.00%
Expected rate of salary increases	13.00%	7.00%
Employee turnover rate	6.00%	6.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics.

The applied discount rate is based on risk free rates which represent the average future working lifetime assumed for the employees of 11 years. From the treasury bond rate, present Sri Lanka country default spread is eliminated and the country default spread prior to the sovereign debt default and COVID 19 pandemic is added to arrive at an adjusted risk free rate to be used for the discounting of gratuity liabilities.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

13 Trade and other payables

	2023	2022
Trade creditors - related parties (13.1)	562,775,998	312,441,612
Trade creditors - other	874,660,238	753,046,483
Other creditors - related parties (13.2)	20,822,180	19,711,900
Accrued Expenses	264,193,765	137,262,647
Dividend Payables - Exide Industries Ltd	25,225,467	25,225,467
Other Payables	2,768,648	5,921,735
	1,750,446,297	1,253,609,844

13.1 Trade creditors - related parties

	Relationship	2023	2022
Exide Industries Ltd	Parent company	76,915,953	96,588,183
Browns & Company PLC	Significant investor	10,946,854	20,119,770
Klevenberg (Private) Ltd	Other related party	2,027,380	3,441,950
Browns Thermal Engineering (Private) Ltd	Other related party	150,746,387	46,234,204
Chloride Metals Ltd	Other related party	322,139,424	146,057,505
		562,775,998	312,441,612

13.2 Other Creditors - Related Parties

	Relationship	2023	2022
Exide Industries Ltd	Parent company	20,822,180	19,711,900

14 Provisions

	2023	2022
Warranty provision		
Opening balance	122,628,538	70,404,993
Warranties accepted during the year	453,499,073	131,919,695
Warranties issued during the year	(312,119,748)	(79,696,149)
Closing balance	264,007,863	122,628,538
Current	222,286,406	88,907,610
Non-current	41,721,457	33,720,928
	264,007,863	122,628,538

15 Other income

	2023	2022
Sundry income - Solar Project	27,081,325	30,044,300
Sundry income - Others	11,002,938	7,414,837
	38,084,263	37,459,137



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

16 Other losses (net)

	2023	2022
Foreign exchange loss	151,621,630	227,168,030
	151,621,630	227,168,030

Foreign exchange losses/(gains) other than that relate to borrowings and cash and cash equivalents are presented as other losses/(gains).

17 Net Finance costs

	2023	2022
17.1 Finance income		
Interest income	6,103,999	2,658,714
	6,103,999	2,658,714
17.2 Finance costs		
Interest expense on overdrafts	20,588,509	2,381,294
Interest expense on interest bearing loans and borrowings	342,509,896	128,002,072
Foreign exchange loss on translation of borrowings and cash and cash equivalents	25,689,778	71,910,043
	388,788,183	202,293,409
Net finance costs	382,684,184	199,634,694

18 Profit / (loss) before tax

Stated after Charging	2023	2022
Included in Cost of Sales		
Employees Benefits	278,489,601	251,564,890
Direct Labour	84,029,384	72,526,724
Indirect Labour	50,771,268	44,916,245
Management Staff Cost	97,123,858	103,478,311
Depreciation		
Included in administrative expenses		
Employees Benefits	74,468,422	51,487,234
Management Staff Cost	997,000	897,000
Auditor's fees and expenses	6,539,141	4,136,528
Legal and professional fees		

19 Earnings per share

	2023	2022
Net profit/ (loss) attributable to Ordinary Shareholders	501,079,245	(227,163,144)
	501,079,245	(227,163,144)
	2023	2022
Number of ordinary shares	6,336,000	6,336,000
	6,336,000	6,336,000
Earnings per share	79.08	(35.85)



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

20 Cash and cash equivalents in the cash flow statement

Components of Cash and Cash Equivalents

	2023	2022
Favourable Cash and Cash Equivalents balance		
Cash and Bank Balances	16,568,277	49,973,219
	16,568,277	49,973,219
Unfavourable Cash and Cash Equivalent Balances		
Bank Overdraft (Note 10)	(178,058,534)	(50,398,105)
Total cash and cash equivalents for the purpose of cash flow statement	(161,490,257)	(424,886)

21 Related party disclosures

The Company is controlled by Exide Industries Limited, which owns 61.5% of the Company's shares. The remaining 38.5% of the shares are held by S.F.L Services (Private) Limited.

Details of significant related party transactions are as follows:

21.1 Transactions with the related parties

	Parent company 31 March		Other related companies 31 March	
	2023	2022	2023	2022
Nature of Transaction				
Balance as at Beginning of the Year	(116,300,083)	(22,955,776)	982,893,417	940,052,386
Sale of goods*	201,789,215	29,123,606	9,827,054,952	5,819,758,793
Purchase of goods and cost of services	(185,709,472)	(220,609,697)	(1,621,324,433)	(708,878,649)
Royalty fees	(20,822,180)	(16,572,017)	Nil	Nil
Net Payments	61,301,685	114,713,801	(7,291,045,729)	(5,068,039,114)
Balance as at end of the year	(59,740,836)	(116,300,083)	1,897,578,205	982,893,417

* includes VAT on Sales

Related companies include:

Name	Relationship
Exide Industries Limited - India	Parent Company
S.F.L Services (Private) Limited	Significant Investor
Brown and Company PLC	Significant Investor
Chloride Batteries S E Asia Pte. Limited	Other Related Party
Klevenberg (Private) Limited	Other Related Party
Browns Thermal Engineering Pvt Ltd	Other Related Party

The year end balances arising from the above transactions are disclosed in notes 7 and 13.

21.2 Transactions with Key Management Personnel of the Company.

The Key Management Personnel of the Company are the members of its Board of Directors.

a) Key Management Personnel Compensation

	2023	2022
Short-term Employee Benefits	16,364,671	12,792,410
	16,364,671	12,792,410



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

22 Impact of economic crisis in Sri Lanka

Adverse movement on the foreign exchange rate

The Sri Lankan rupee significantly depreciated with the Central Bank of Sri Lanka allowing greater flexibility in exchange rates and it was under pressure due to the continuous deterioration of the balance of payments and the depletion of foreign reserves. As the Company operates in the automotive battery industry, the demand from the customers has not significantly dropped as a revenue increase is noted during the year. It is the management's view that the company is not significantly exposed to the prevailing economic conditions in Sri Lanka in a manner that would impact its ability to continue as a going concern. The adverse impact is expected to decrease as the depreciating trend of the Sri Lankan rupee has stagnated.

Increasing inflation

Country is currently experiencing a 50.3% YoY headline inflation in the month of March 2023 and 37.2% annualized inflation by the end of March 2023 as per the CCPI. This is mainly due to the increase in import prices and domestic prices resulting from rupee depreciation and excessive money printing by CBSL. The Company's material purchases, payroll costs, transportation costs etc. have been impacted from the increasing inflation.

Increasing interest rates

The Central Bank of Sri Lanka has tightened the monetary policy by increasing its policy rates to 15.5% in response to the prevailing economic crisis including the depletion of foreign reserves. This has resulted in the Company's interest expense significantly increasing compared to the prior year. Policy rates are in a declining trend and it is expected that the impact will lessen in the upcoming year.

23 Commitments and contingencies

23.1 The Company has received tax assessments on 4 March 2014 and 4 April 2014 for additional tax liability amounting to Rs. 59.2 Mn for income tax and value added tax. Based on the initial appeal, the Company has received a revised assessment on 15 June 2015 and the liability was reduced to Rs. 32.5 Mn. The Company has taken necessary actions to further appeal against this liability and outcome of which can not be ascertained as at the reporting date.

23.2 A case (No. 81294) has been filed against the Company concerning public nuisance in 2012. The case is based on the public nuisance caused by the impact on the environment as a result of the dumping of waste in a remote area in Horana.

The case referring to No – 81294 filed against the Company is still pending at the Horana Magistrate Court.

The Company at its own cost has taken steps to rectify the environmental impact and subsequently the water of the affected area has been tested and is presently clear according to the recent reports. No further communication received from the Magistrate courts to the Company to date. The management is of the view that the outcome of the litigation may not cause any adverse financial impact on the Company.

23.3 As per the notice issued by the Divisional Secretary of Moratuwa [Reference number MOR/LAN/01/F1/214] and the letter received from the Minister of Lands and Parliamentary Reforms on 9 March 2018, the Company was informed that the land in Katubedda, Moratuwa will be acquired for a public purpose of constructing a high rise housing project for resettlement of underserved settlers, under the Urban Regeneration Project.

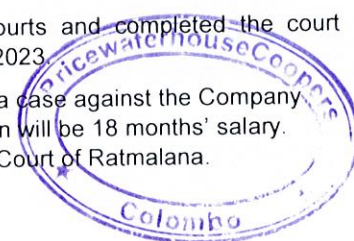
Case referring to No 76914 is hearing at the Moratuwa Magistrate Court & issued a stay order because the Company filed the obligation (court of appeal) against the decision given by the Magistrate Court.

On 07th March 2023, Judgement was given to the Fiscal to obtain the possession of the said land and hand it over to the Divisional Secretary. The Court by the decision itself has ordered the Fiscal to remove the slag filed up in the place and to recover the cost of removal from the Company. The Company is in the process of filing an appeal to the Supreme Court contesting the judgement, for which necessary steps are being followed.

23.4 A former key management personnel has filed a case at the labour tribunal against the constructive termination from the post. Case reference No - 32/RM/62/2020 was taken up in LT Rathmalana courts and completed the court proceedings on 14.03.2023 & the decision is to be announced on 04.05.2023.

Case reference No - 32/RM/62/2020 was taken up in LT Rathmalana courts and completed the court proceedings on 14 March 2023 & the decision is to be announced on 04 May 2023.

Further, the staff-driver of the aforesaid Key management personnel has filed a case against the Company requesting compensation for loss of employment. The amount of compensation will be 18 months' salary. This case which holds reference No 32/RM/16/2021 is also pending at the LT Court of Rathmalana.



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

24 Assets pledged

The following assets have been pledged as security for liabilities.

Nature of Assets	Assets pledged	2023	2022
Immovable Properties			
- Land & Building at Rathmalana	Mortgaged to DFCC Bank PLC in connection with the bank Loans	148,841,347	152,984,266
- Plant & Machinery	HSBC Bank in connection with the bank Loans	405,802,979	461,206,615
- Inventories	Concurrent Mortgaged to DFCC	2,207,273,980	1,220,985,122
Trade Debtors	Bank PLC, Commercial Bank of Ceylon PLC Hatton National Bank and HSBC for TR Loan and Overdraft facilities	2,311,408,941	1,221,860,959



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

Detailed income statement

	2023	2022
Sales of goods	8,785,023,516	5,424,363,620
Less : Cost of sales		
Direct material cost	6,356,874,316	4,315,260,937
Direct labour	278,489,601	251,564,890
Indirect wages	84,029,384	72,526,724
Management staff cost	50,771,268	44,916,245
Power and water	234,409,473	142,501,640
Maintenance of plant and machinery	80,837,243	43,026,556
Welfare	85,814,675	48,617,410
Process materials, consumable stores and tools	32,795,675	25,108,996
Royalty expenses	23,166,345	19,348,680
Depreciation and amortisation	97,123,858	103,478,311
Various production overhead	35,617,231	27,706,381
Provision for Slow moving stock	113,644,073	3,839,619
	7,473,573,142	5,097,896,389
Gross profit	1,311,450,374	326,467,231
Less : Administrative Expenses		
Management staff cost	74,468,422	51,487,234
Postage and telephone	958,111	876,195
Printing and stationery	7,587,314	4,497,875
Auditors' fees and expenses	997,000	897,000
Bank charges	36,649,537	22,060,919
Legal and professional fees	6,539,141	4,136,528
Other overhead	7,211,247	2,003,450
Sales Promotion	42,440,005	80,475,312
Provision for debtors	(332,424)	(3,699,062)
SAP subscriptions	16,720,997	8,990,416
Rent expense	5,834,239	7,730,250
Slag clearing expense	Nil	30,196
	199,073,589	179,486,313
Profit from operating activities	1,112,376,785	146,980,918



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

Notes to the financial statements (Contd)

Detailed income statement - Solar Power Plant

	2023	2022
Revenue	27,081,325	30,044,300
Depreciation and amortisation	10,459,947	10,712,895
Maintenance of plant and machinery	990,496	952,400
	<u>11,450,443</u>	<u>11,665,295</u>
Gross Profit	15,630,882	18,379,006
Finance costs	7,036,569	6,092,939
Net Profit Before Tax	<u>8,594,312</u>	<u>12,286,067</u>

